



FORD-SCOTT

& ASSOCIATES, L.L.C.

CITY OF ATLANTIC CITY
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CITY OF ATLANTIC CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2016**

CITY OF ATLANTIC CITY

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CITY OF ATLANTIC CITY

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Atlantic City, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Atlantic City, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Atlantic City on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Atlantic City as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Atlantic City's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Uniform Guidance and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2017 on our consideration of the City of Atlantic City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Atlantic City's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 14, 2017

EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2016	2015
ASSETS		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 42,342,849.18	29,777,037.69
Cash - Collector	-	-
Cash - Change	1,470.00	1,470.00
Total Cash	<u>42,344,319.18</u>	<u>29,778,507.69</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	131,994.95	134,459.95
Due from State - Qualified Bonds	2,336,487.49	3,289,975.85
Due from State - ACA/IAT	4,390,712.00	30,000,000.00
Due from Atlantic County	14,403.27	-
Total Other Receivables	<u>6,873,597.71</u>	<u>33,424,435.80</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	8,716,806.54	686,026.71
Tax Title and Other Liens	10,907,384.86	9,094,292.76
Property Acquired for Taxes - at Assessed Valuation	29,087,600.00	28,874,400.00
Demolition Assessments and Liens	2,928,829.08	4,037,562.21
Revenue Accounts Receivable	93,474.56	89,182.19
Advance from AC Endowment Fund	3,000,000.00	3,000,000.00
Interfund Receivable:		
Animal Control Fund	388.80	1,134.00
CDBG	105,659.05	1,531,079.27
Federal and State Grant Fund	3,098,512.95	4,753,377.74
Trust	158,316.53	3.29
Total Receivables and Other Assets	<u>58,096,972.37</u>	<u>52,067,058.17</u>
Deferred Charges:		
Deficit in Operations	8,615,182.24	9,845,922.24
Deficit Due to Tax Appeals	108,028,257.32	63,483,815.00
Prior Outstanding Payables	37,588,785.85	37,743,249.74
Special Emergency Appropriation	-	350,000.00
Total Deferred Charges	<u>154,232,225.41</u>	<u>111,422,986.98</u>
Total Regular Fund	<u>261,547,114.67</u>	<u>226,692,988.64</u>
Federal and State Grant Fund:		
Cash	48,947.02	48,942.16
Federal and State Grants Receivable	41,391,511.80	58,537,490.78
Due from Trust Fund - Other	756.09	756.09
Total Federal and State Grant Fund	<u>41,441,214.91</u>	<u>58,587,189.03</u>
Total Current Fund	<u>\$ 302,988,329.58</u>	<u>285,280,177.67</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 14,590,487.73	13,440,357.21
Reserve for Encumbrances	3,812,002.38	3,909,631.78
Accounts Payable	423,335.63	406,503.49
Accrued Interest Payable on Judgement	14,648,002.00	14,648,002.00
Prior Outstanding Open Payables	37,588,785.85	37,743,249.74
Prepaid Taxes	840,825.85	1,237,391.88
Overpaid Taxes	89,073,638.39	62,002,242.21
Local School Tax Payable	9,242,106.69	0.75
County Added Tax Payable	-	39,636.47
Due to Atlantic City MUA	4,716.74	-
Due to State:		
Marriage Licenses	1,830.00	4,690.00
CCO Fees	68,035.00	42,558.00
Interfund Payable:		
Other Trust Funds	11,696,017.72	15,124,910.69
Other		
Payroll Deductions Payable	1,917,540.37	2,788,330.39
AC Endowment Fund	1,320,669.42	1,320,537.38
Reserve for Revaluation	900,000.00	900,000.00
Reserve for Performance Bonds	205,862.89	205,862.89
Reserve for Police Property Room	50,338.71	50,338.71
Reserve for State Tax Appeals Pending	2,917,116.04	15,421,145.62
Reserve for FEMA	1,985,407.71	-
Reserve for Preparation of Approved Tax Map	188,107.55	188,107.55
Miscellaneous Reserves	200,000.00	205,000.00
	<u>191,674,826.67</u>	<u>169,678,496.76</u>
Reserve for Receivables and Other Assets	58,096,972.37	52,067,058.17
Fund Balance	11,775,315.63	4,947,433.71
Total Regular Fund	<u>261,547,114.67</u>	<u>226,692,988.64</u>
Federal and State Grant Fund:		
Unappropriated Reserves	81,000.16	83,845.13
Appropriated Reserves	29,359,232.34	43,768,349.16
Encumbrances Payable	8,902,469.46	9,981,617.00
Due to Current Fund	3,098,512.95	4,753,377.74
Due to Agencies	-	-
Total Federal and State Grant Fund	<u>41,441,214.91</u>	<u>58,587,189.03</u>
Total Current Fund	<u>\$ 302,988,329.58</u>	<u>285,280,177.67</u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2016	2015
Revenue and Other Income Realized		
Fund Balance	\$ -	-
Miscellaneous Revenue Anticipated	117,925,436.54	130,102,029.22
Receipts from Delinquent Taxes	-	1,585,954.45
Receipts from Current Taxes	231,758,652.44	236,406,571.75
Non Budget Revenue	2,365,801.32	2,235,815.89
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	12,830,933.29	12,350,954.59
Grants Canceled	49,027.54	162,018.19
Interfund Returned	3,015,931.92	
Reserves and Accounts Payables Canceled	709,137.00	2,267,673.45
Reserve for State Tax Appeals	16,404,029.58	13,728,301.38
Total Income	<u>385,058,949.63</u>	<u>398,839,318.92</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	80,139,236.00	74,976,264.00
Other Expenses	72,332,688.74	83,108,294.88
Deferred Charges & Statutory Expenditures	38,229,145.61	6,399,162.38
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	14,805,000.00
Other Expenses	8,783,628.77	42,819,848.42
Capital Improvements	200,000.00	200,000.00
Debt Service	36,782,824.09	34,697,364.38
Deferred Charges	350,000.00	900,000.00
Local District School Tax	100,077,234.00	91,060,723.00
County Tax	24,901,259.50	28,259,234.47
County Share of Added Tax	-	39,636.47
Interfund Created		6,165,449.09
Refund of Prior Year's Revenue	31,021.42	193,014.92
Other: deferred charges		
Prior Year Overpayments	73,645,235.90	62,564,114.38
Judgement for Interest on Tax Appeals		14,648,002.00
Total Expenditures	<u>435,472,274.03</u>	<u>460,836,108.39</u>
Excess/(Deficit) in Revenue	(50,413,324.40)	(61,996,789.47)

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	57,241,206.32	63,483,815.00
Emergency Appropriation		
Special Emergency Appropriation		350,000.00
Total Adjustments	<u>57,241,206.32</u>	<u>63,833,815.00</u>
Statutory Excess to Fund Balance	<u>6,827,881.92</u>	<u>1,837,025.53</u>
Fund Balance January 1	<u>4,947,433.71</u>	<u>3,110,408.18</u>
	11,775,315.63	4,947,433.71
Decreased by:		
Utilization as Anticipated Revenue	<u>-</u>	<u>-</u>
Fund Balance December 31	<u>\$ 11,775,315.63</u>	<u>4,947,433.71</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ -	-	-	-
Total Fund Balance Anticipated	-	-	-	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	140,000.00		174,741.00	34,741.00
Other	800,000.00		955,032.83	155,032.83
Fees and Permits	1,500,000.00		1,527,676.93	27,676.93
Fines and Costs:				-
Municipal Court	1,400,000.00		1,436,227.32	36,227.32
Interest and Costs on Taxes	2,000,000.00		600,392.32	(1,399,607.68)
Interest Earned on Investments	20,000.00		34,705.45	14,705.45
Parking Meters	500,000.00		611,407.13	111,407.13
Boardwalk Tram Fees	105,000.00		126,000.00	21,000.00
Refunds and Reimbursements	1,500,000.00		4,804,223.65	3,304,223.65
Rent and Sale of City Property	475,000.00		160,834.35	(314,165.65)
Towing Fees	390,000.00		300,619.00	(89,381.00)
Payments in Lieu of Taxes				
Magellan Manor	75,000.00		86,592.00	11,592.00
Metropolitan Plaza	28,000.00		29,099.66	1,099.66
New York Ave Apt	108,553.00		111,668.30	3,115.30
Elliot House	44,574.00		44,574.00	-
School House Liberty	29,790.00		50,850.96	21,060.96
Town House Terraces East I	68,784.00		76,498.00	7,714.00
Atlantic City Townhouse	-			-
Baltic Plaza Apt	100,000.00		108,000.00	8,000.00
Best of Life Park	120,000.00		197,634.00	77,634.00

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Community Haven	350,000.00		404,207.00	54,207.00
Hamilton Venice Apartments	67,500.00		57,513.00	(9,987.00)
Bright's Villa North	10,000.00			(10,000.00)
Barclay Arms	42,000.00		64,185.60	22,185.60
Brigantine Homes	90,000.00		128,730.00	38,730.00
The Walk Phase I	648,000.00		648,048.01	48.01
The Walk Phase II	300,000.00		258,236.57	(41,763.43)
The Walk Phase III	100,000.00		91,717.00	(8,283.00)
Atlantic Marina	450,000.00		460,884.00	10,884.00
Total Section A: Local Revenues	11,462,201.00	-	13,550,298.08	2,088,097.08
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Act	20,000,000.00		19,999,999.99	(0.01)
Energy Receipts Tax	6,260,714.00		6,260,714.00	-
Transitional Aid	26,200,000.00		26,200,000.00	-
ACA Funds	30,000,000.00		30,000,000.00	-
IAT Funds	13,000,000.00		13,000,000.00	-
Total Section B: State Aid Without Offsetting Appropriations	95,460,714.00	-	95,460,713.99	(0.01)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	1,500,000.00		1,987,295.33	487,295.33
Total Section C: Uniform Construction Code Fees	1,500,000.00	-	1,987,295.33	487,295.33
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities	98,461.24		98,461.24	-
Drunk Driving Enforcement Fund	2,849.83		2,849.83	-
COPS in Shops	5,000.00		5,000.00	-

The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Body Worn Cameras	30,000.00		30,000.00	-
Winter Wonderland Festival	17,125.00		17,125.00	-
NJ Body Armor	23,035.81		23,035.81	-
Alliance on Alcoholism and Drugs	30,059.00		30,059.00	-
AC Devco	170,000.00		170,000.00	-
AC Housing Authority	30,000.00		30,000.00	-
FEMA Assistance to Firefighters	185,651.00		185,651.00	-
AC Meals on Wheels	12,090.00		12,090.00	-
County Environmental Health Act	48,000.00		48,000.00	-
NJ BPU - LED Lighting Upgrad	2,000,000.00		2,000,000.00	-
NJ DOT - Rsurface Ventnor Ave	196,000.00		196,000.00	-
Harold Brown Memorial Park	666,296.00		666,296.00	-
Hazardous Discharge - Riverside Business Park	47,985.00		47,985.00	-
NJ DEP Acquisition - Altman Playground		378,271.25	378,271.25	-
Brownfields - Bungalow Park Site Cleanup		163,658.00	163,658.00	-
Brownfields - Delta Basin Site Cleanup		200,000.00	200,000.00	-
Brownfields - Hazardous Contamination		200,000.00	200,000.00	-
Brownfields - Petroleum Contamination		200,000.00	200,000.00	-
Total Section F: Special Items - Public and Private Programs	3,562,552.88	1,141,929.25	4,704,482.13	-
Off-Set with Appropriations				
Section G: Other Special Items				
Uniform Fire Safety Act	225,000.00		230,690.88	5,690.88
Atlantic City Municipal Utilities Authority	700,000.00		702,658.00	2,658.00
Interlocal Agreements				-
Pleasantville BOE	160,000.00		-	(160,000.00)
CRDA - Tourism District Class 2's Officers	1,000,000.00		217,160.13	(782,839.87)
Sale of Municipal Assets	1,200,000.00		1,072,138.00	(127,862.00)

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Total Section G: Other Special Items	3,285,000.00	-	2,222,647.01	(1,062,352.99)
Total Miscellaneous Revenues:	115,270,467.88	1,141,929.25	117,925,436.54	1,513,039.41
Receipts from Delinquent Taxes			-	-
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	123,637,277.47		110,012,192.42	(13,625,085.05)
Library Tax	2,800,581.64		2,800,581.64	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	126,437,859.11	-	112,812,774.06	(13,625,085.05)
Budget Totals	241,708,326.99	1,141,929.25	230,738,210.60	(12,112,045.64)
Non- Budget Revenues:				
Other Non- Budget Revenues:			2,365,801.32	2,365,801.32
	\$ 241,708,326.99	1,141,929.25	233,104,011.92	(9,746,244.32)

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 231,758,652.44
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	231,758,652.44
Allocated to:	
School, County and Other Taxes	<u>124,978,493.50</u>
Balance for Support of Municipal Budget Appropriations	106,780,158.94
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>6,032,615.12</u>
Amount for Support of Municipal Budget Appropriations	<u><u>112,812,774.06</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$ -
Tax Title Lien Collections	<u>-</u>

Total Receipts from Delinquent Taxes

-

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Demolition Arrears and Liens	113,016.17
Delinquent Tax Collection	271,776.68
Tax Title Lien Collections	577,294.54
Other Liens	11,695.73
PILOT's not Anticipated	513,359.81
Police Detail	371,230.76
ACBOE Gasoline and Trash	51,710.06
Mortgage Registrations	208,200.00
Miscellaneous	<u>247,517.57</u>

Total Miscellaneous Revenue Not Anticipated: \$ 2,365,801.32

Tax Collector	973,783.12
Treasurer	<u>1,392,018.20</u>
	<u>\$ 2,365,801.32</u>

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
Mayor's Office						
Salaries and Wages	\$ 273,075.00	273,075.00	265,087.05		7,987.95	-
Other Expenses	29,500.00	29,500.00	4,688.96	2,367.00	22,444.04	-
Business Administrator						
Salaries and Wages	238,970.00	238,970.00	237,434.85		1,535.15	-
Other Expenses	808,900.00	808,900.00	452,508.72	164,251.87	192,139.41	-
Administrative Services - Mail Room						
Salaries and Wages	68,868.00	68,868.00	68,784.12		83.88	-
Other Expenses	171,200.00	171,200.00	144,455.29	5,035.69	21,709.02	-
Solicitor's Office						
Salaries and Wages	750,764.00	750,764.00	726,954.22		23,809.78	-
Other Expenses	1,632,160.00	1,632,160.00	505,361.44	220,888.97	905,909.59	-
Prosecutor's Office						
Salaries and Wages	371,949.00	371,949.00	344,274.76		27,674.24	-
Other Expenses	37,550.00	37,550.00	9,369.12	3,382.46	24,798.42	-
Public Defender						
Salaries and Wages	298,240.00	298,240.00	250,898.13		47,341.87	-
Other Expenses	48,600.00	48,600.00	14,501.82	6,632.70	27,465.48	-
Insurance						
Unemployment	1,300,000.00	1,300,000.00	1,300,000.00		-	-
Liability	6,353,587.00	6,353,587.00	5,820,556.32	65,152.00	467,878.68	-
Workers Compensation	5,631,000.00	5,631,000.00	5,505,655.30		125,344.70	-
Employee Group	32,740,000.00	32,740,000.00	31,656,479.77	127,703.98	955,816.25	-
Health Waiver - Employee Opt Out	100,000.00	100,000.00	89,546.16		10,453.84	-
Social Services Agencies	14,500.00	14,500.00			14,500.00	-
Municipal Court						
Salaries and Wages	1,095,525.00	1,095,525.00	1,050,916.71		44,608.29	-
Other Expenses	88,889.00	88,889.00	25,096.95	17,910.27	45,881.78	-
Assessor						
Salaries and Wages	237,967.00	237,967.00	236,092.62		1,874.38	-
Other Expenses	495,857.00	495,857.00	166,421.48	175,127.63	154,307.89	-
MIS						
Salaries and Wages	289,373.00	289,373.00	269,311.88		20,061.12	-
Other Expenses	431,500.00	431,500.00	239,660.55	92,446.62	99,392.83	-
DEPARTMENT OF HUMAN RESOURCES						
Director's Office						
Salaries and Wages	90,000.00	90,000.00	90,000.00		-	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Other Expenses	100,689.00	100,689.00	53,789.83	7,062.68	39,836.49	-
Personnel Division						
Salaries and Wages	392,412.00	392,412.00	322,154.61		70,257.39	-
Health Division						
Salaries and Wages	81,610.00	81,610.00	54,936.30		26,673.70	-
DEPARTMENT OF PLANNING AND DEVELOPMENT						
Director's Office						
Salaries and Wages	209,583.00	209,583.00	198,857.13		10,725.87	-
Other Expenses	46,900.00	46,900.00	10,472.71	3,775.00	32,652.29	-
Planning Division						
Salaries and Wages	244,336.00	244,336.00	240,931.58		7,404.42	-
Other Expenses	111,165.00	107,165.00	22,167.54	2,736.53	82,260.93	-
Zoning Board						
Other Expenses	17,000.00	17,000.00	8,000.00		9,000.00	-
City Engineer						
Salaries and Wages	469,980.00	469,980.00	469,352.21		627.79	-
Other Expenses	252,900.00	252,900.00	64,910.87	79,750.57	108,238.56	-
Economic Development - CDBG						
Salaries and Wages	100,000.00	100,000.00	86,290.59		13,709.41	-
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	218,574.00	218,574.00	217,991.03		582.97	-
Other Expenses	117,900.00	117,900.00	80,526.51	23,816.00	13,557.49	-
Comptroller's Office						
Salaries and Wages	751,817.00	751,817.00	719,936.15		31,880.85	-
Other Expenses	94,639.00	94,639.00	23,242.30	3,167.31	68,229.39	-
Tax Collector's Office						
Salaries and Wages	327,423.00	327,423.00	234,996.54		92,426.46	-
Other Expenses	40,800.00	40,800.00	23,728.87	6,994.37	10,076.76	-
Audit Services						
Other Expenses	150,000.00	150,000.00	100,000.00		50,000.00	-
Purchasing						
Salaries and Wages	205,415.00	205,415.00	204,698.14		716.86	-
Other Expenses	26,796.00	26,796.00	10,637.28	2,656.54	13,502.18	-
Finance Division						
Salaries and Wages	171,130.00	171,130.00	141,565.00		29,565.00	-
Other Expenses	2,990.00	2,990.00	126.50	199.16	2,664.34	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC SAFETY						
Director						
Other Expenses	550,000.00	550,000.00			550,000.00	-
Police						
Salaries and Wages	33,402,127.00	33,402,127.00	31,889,178.06		1,512,948.94	-
Other Expenses	1,314,884.00	1,239,884.00	420,412.41	241,084.78	578,386.81	-
Police Civilian Division						
Salaries and Wages	4,727,066.00	4,727,066.00	4,424,530.55		302,535.45	-
Other Expenses	328,512.00	403,512.00	239,686.51	50,647.85	113,177.64	-
Emergency Services						
Salaries and Wages	2,080,060.00	2,080,060.00	1,785,887.38		294,172.62	-
Other Expenses	234,920.00	234,920.00	118,398.34	68,067.38	48,454.28	-
Fire						
Salaries and Wages	16,482,631.00	16,482,631.00	16,148,320.05		334,310.95	-
Other Expenses	127,280.00	127,280.00	21,667.35	28,850.54	76,762.11	-
Fire Civilian						
Salaries and Wages	114,149.00	114,149.00	114,147.28		1.72	-
Uniform Fire Safety Act						
Salaries and Wages	686,043.00	686,043.00	581,826.89		104,216.11	-
Other Expenses	2,208.00	2,208.00			2,208.00	-
		-			-	-
DEPARTMENT OF PUBLIC WORKS						
Director's Office						
Salaries and Wages	337,554.00	337,554.00	327,666.99		9,887.01	-
Other Expenses	1,163,850.00	1,163,850.00	432,350.39	244,587.43	486,912.18	-
Electrical Bureau						
Salaries and Wages	306,866.00	306,866.00	254,853.85		52,012.15	-
Other Expenses	35,400.00	35,400.00	11,478.68	9,384.55	14,536.77	-
Parks						
Salaries and Wages	566,204.00	566,204.00	525,755.71		40,448.29	-
Other Expenses	27,250.00	27,250.00	925.18	3,504.20	22,820.62	-
Beach and Boardwalk						
Salaries and Wages	881,055.00	881,055.00	797,641.51		83,413.49	-
Other Expenses	24,450.00	24,450.00	2,196.24	6,505.46	15,748.30	-
Sanitation						
Salaries and Wages	1,406,199.00	1,406,199.00	1,227,875.50		178,323.50	-
Other Expenses	1,291,350.00	1,291,350.00	827,375.41	82,374.59	381,600.00	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Asphalt Plant/Street Repairs	428,834.00	428,834.00	342,041.63		86,792.37	-
Salaries and Wages	50,050.00	50,050.00	13,577.04	24,172.96	12,300.00	-
Other Expenses						
Paint and Sign Shop	113,211.00	113,211.00	107,997.61		5,213.39	-
Salaries and Wages	23,800.00	23,800.00	15,346.28	5,408.28	3,045.44	-
Other Expenses						
Building Maintenance Division	1,192,449.00	1,192,449.00	1,008,702.11		183,746.89	-
Salaries and Wages	46,050.00	46,050.00	11,306.85	1,776.02	32,967.13	-
Other Expenses						
Community Services Act	950,000.00	950,000.00	620,045.02	226,638.24	103,316.74	-
Other Expenses						
Vehicle Maintenance	2,444,433.00	2,444,433.00	1,651,847.10	611,108.26	181,477.64	-
Other Expenses						
Facilities	509,896.00	509,896.00	453,771.46		56,124.54	-
Salaries and Wages	31,150.00	31,150.00	10,376.55	3,857.01	16,916.44	-
Other Expenses						
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Director's Office	130,600.00	130,600.00	39,878.51	16,589.20	74,132.29	-
Other Expenses						
Health Administration	948,609.00	948,609.00	903,885.70		44,723.30	-
Salaries and Wages	48,575.00	48,575.00	23,440.69	108.25	25,026.06	-
Other Expenses						
Social Services	1,059,444.00	1,059,444.00	997,216.41		62,227.59	-
Salaries and Wages	227,750.00	227,750.00	102,202.91	56,870.02	68,677.07	-
Other Expenses						
Recreational and Cultural Affairs	1,228,794.00	1,228,794.00	824,362.24		404,431.76	-
Salaries and Wages	67,050.00	67,050.00	10,126.87	8,957.41	47,965.72	-
Other Expenses						
Clinical Services	143,104.00	143,104.00	48,488.97	34,138.76	60,476.27	-
Other Expenses						
Animal Control Expense	43,200.00	43,200.00			-	-
Other Expenses						
DEPARTMENT OF LICENSES AND INSPECTIONS						
Director's Office	202,742.00	202,742.00	202,486.30		255.70	-
Salaries and Wages	18,802.00	18,802.00	1,180.72	17,601.24	20.04	-
Other Expenses						
Inspections	811,070.00	811,070.00	777,305.76		33,764.24	-
Salaries and Wages						

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Other Expenses	7,300.00	7,300.00	1,278.59	2,673.75	3,347.66	-
Regulatory Division						
Salaries and Wages	478,960.00	478,960.00	432,564.59		46,395.41	-
Other Expenses	13,650.00	13,650.00	5,015.97	3,095.64	5,538.39	-
CITY COUNCIL						
Salaries and Wages	306,912.00	306,912.00	306,478.51		433.49	-
Other Expenses	16,000.00	16,000.00	6,351.88	2,738.56	6,909.56	-
CITY CLERK						
Salaries and Wages	347,709.00	347,709.00	319,376.54		28,332.46	-
Other Expenses	126,000.00	126,000.00	46,811.29	14,004.85	65,183.86	-
UNIFORM CONSTRUCTION CODE						
Salaries and Wages	1,528,559.00	1,528,559.00	1,370,136.47		158,422.53	-
Other Expenses	11,580.00	11,580.00	1,399.26	2,486.06	7,694.68	-
UNCLASSIFIED						
Gas	400,000.00	400,000.00	229,867.07	150.69	169,982.24	-
Street Lighting	2,000,000.00	2,000,000.00	1,433,277.27	160,294.26	406,428.47	-
Electricity	1,700,000.00	1,700,000.00	1,533,602.17	53,826.95	112,570.88	-
Telephone	780,000.00	780,000.00	714,009.41	10,591.65	55,398.94	-
Sewer	200,000.00	200,000.00	142,350.29	20.01	57,629.70	-
Gasoline	1,008,000.00	1,008,000.00	451,832.17	98,521.45	457,646.38	-
City Water Usage	310,000.00	310,000.00		261,417.05	48,582.95	-
Codification of Ordinances	15,000.00	15,000.00	7,500.00	2,500.00	5,000.00	-
Terminal Leave Payments	3,101,082.00	3,101,082.00	3,101,082.00		-	-
Reserve for Tax Appeals	2,100,000.00	2,100,000.00	2,100,000.00		-	-
Refund of Overpayments	1,800,000.00	1,800,000.00	1,800,000.00		-	-
Interest to State for Deferred Payments	1,880,000.00	1,679,468.74	501,148.60		1,178,320.14	-
TOTAL OPERATIONS WITHIN "CAPS"	152,672,456.00	152,471,924.74	135,628,411.00	3,365,610.70	13,477,903.04	-
Contingent						-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	152,672,456.00	152,471,924.74	135,628,411.00	3,365,610.70	13,477,903.04	-
Detail:						
Salaries and Wages	80,135,236.00	80,139,236.00	75,656,554.72	-	4,482,681.28	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Other Expenses	72,537,220.00	72,332,688.74	59,971,856.28	3,365,610.70	8,995,221.76
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
Operating Deficit	1,230,740.00	1,230,740.00	1,230,740.00	-	-
Prior Years					
FEMA Deobligation	213,009.88	213,009.88		213,009.88	-
Tax Appeal	12,696,764.00	12,696,764.00	12,696,764.00	-	-
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	4,200,249.00	4,363,864.74	4,363,864.74	-	-
Social Security System (O.A.S.I.)	2,900,000.00	2,885,000.00	2,524,120.13	360,879.87	-
Consolidated Police and Firemen's Pension Fund	435.00	435.00		435.00	-
Police and Firemen's Retirement System	15,568,834.00	15,605,749.52	15,605,749.52	-	-
Defined Contribution Retirement Program	50,000.00	50,000.00	26,053.02	23,946.98	-
Lifeguard Pension	1,150,000.00	1,165,000.00	1,098,595.23	66,404.77	-
Pension Increase Act - CPF	18,582.47	18,582.47	18,582.47	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	38,028,614.35	38,229,145.61	37,564,469.11	213,009.88	451,666.62
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	190,701,070.35	190,701,070.35	173,192,880.11	3,578,620.58	13,929,569.66
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Maintenance of Library	2,800,581.64	2,800,581.64	2,567,199.84	233,381.80	0.00
Interlocal Service Agreement - Pleasantville BOE	160,000.00	160,000.00	33,427.90	-	126,572.10
Interlocal Service Agreement - CRDA Class 2's	1,000,000.00	1,000,000.00	525,851.03	-	474,148.97
	3,960,581.64	3,960,581.64	3,126,478.77	233,381.80	600,721.07
(A) Public and Private Programs Off-Set by Revenues					
Clean Communities	98,461.24	98,461.24	98,461.24	-	-
Drunk Driving Enforcement Fund	2,849.83	2,849.83	2,849.83	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
COPS in Shops	5,000.00	5,000.00	5,000.00	-	-	-
Body Worn Cameras	30,000.00	30,000.00	30,000.00	-	-	-
Winter Wonderland Festival	17,125.00	17,125.00	17,125.00	-	-	-
NJ Body Armor	23,035.81	23,035.81	23,035.81	-	-	-
Alliance on Alcoholism and Drugs	30,059.00	30,059.00	30,059.00	-	-	-
Alliance on Alcoholism and Drugs - Match	7,515.00	7,515.00	7,515.00	-	-	-
AC Devco	170,000.00	170,000.00	170,000.00	-	-	-
AC Housing Authority	30,000.00	30,000.00	30,000.00	-	-	-
FEMA Assistance to Firefighters	185,651.00	185,651.00	185,651.00	-	-	-
FEMA Assistance to Firefighters - Match	18,565.00	18,565.00	18,565.00	-	-	-
AC Meals on Wheels	12,090.00	12,090.00	12,090.00	-	-	-
County Environmental Health Act	48,000.00	48,000.00	48,000.00	-	-	-
NJ BPU - LEDLighting Upgrad	2,000,000.00	2,000,000.00	2,000,000.00	-	-	-
NJ DOT - Rsurface Ventnor Ave	196,000.00	196,000.00	196,000.00	-	-	-
EDA Boardwalk Reconstruction - Match	32,288.00	32,288.00	32,288.00	-	-	-
Harold Brown Memorial Park	666,296.00	666,296.00	666,296.00	-	-	-
Hazardous Discharge - Riverside Business Park	47,985.00	47,985.00	47,985.00	-	-	-
NJ DEP Acquisition - Altman Playground	378,271.25	378,271.25	378,271.25	-	-	-
Brownfields - Bungalow Park Site Cleanup	163,658.00	163,658.00	163,658.00	-	-	-
Brownfields - Delta Basin Site Cleanup	200,000.00	200,000.00	200,000.00	-	-	-
Brownfields - Hazardous Contamination	200,000.00	200,000.00	200,000.00	-	-	-
Brownfields - Petroleum Contamination	200,000.00	200,000.00	200,000.00	-	-	-
Matching Funds	60,197.00	60,197.00	-	-	60,197.00	-
Total Public and Private Programs Off-Set by Revenues	3,681,117.88	4,823,047.13	4,762,850.13	-	60,197.00	-
Total Operations - Excluded from "CAPS"	7,641,699.52	8,783,628.77	7,889,328.90	233,381.80	660,918.07	-
Detail:						
Salaries and Wages						
Other Expenses	7,641,699.52	8,783,628.77	7,889,328.90	233,381.80	660,918.07	-
(C) Capital Improvements						
Capital Improvement Fund	200,000.00	200,000.00	200,000.00	-	-	-
Total Capital Improvements	200,000.00	200,000.00	200,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	23,760,000.00	23,760,000.00	23,760,000.00	-	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Payment of Bond Anticipation Notes					
Interest on Bonds	13,022,942.00	13,022,942.00	13,022,824.09	-	-
Interest on Notes		-		0.00	117.91
				-	-
Total Debt Service	<u>36,782,942.00</u>	<u>36,782,942.00</u>	<u>36,782,824.09</u>	<u>0.00</u>	<u>117.91</u>
(E) Deferred Charges					
Emergency Authorizations	350,000.00	350,000.00	350,000.00		-
Special Emergency Authorization		-			-
Deferred Charge to Future Taxation - Unfunded		-			-
Total Deferred Charges	<u>350,000.00</u>	<u>350,000.00</u>	<u>350,000.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>44,974,641.52</u>	<u>46,116,570.77</u>	<u>45,222,152.99</u>	<u>233,381.80</u>	<u>117.91</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>235,675,711.87</u>	<u>236,817,641.12</u>	<u>218,415,033.10</u>	<u>3,812,002.38</u>	<u>117.91</u>
(M) Reserve for Uncollected Taxes	6,032,615.12	6,032,615.12	6,032,615.12		-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 241,708,326.99</u>	<u>242,850,256.24</u>	<u>224,447,648.22</u>	<u>3,812,002.38</u>	<u>117.91</u>
Budget		241,708,326.99			117.91
Appropriations by 40A:4-87		1,141,929.25		Cancelled	-
Emergency Appropriations		<u>242,850,256.24</u>		Overexpended	
					<u>117.91</u>
Reserve for Uncollected Taxes			6,032,615.12		
Federal and State Grants			4,762,850.13		
Reserve for Tax Appeals			14,277,504.00		
Deferred Charges			199,374,678.97		
Disbursements			<u>224,447,648.22</u>		

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EXHIBIT B - TRUST FUND

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TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Dog License Fund:			
Cash	\$	1,417.80	2,310.00
		<u>1,417.80</u>	<u>2,310.00</u>
Community Development Block Grant:			
Cash		78,498.71	1,430,173.16
CDBG Receivable		1,665,125.41	1,407,022.42
HOME Receivable		872,771.43	724,839.65
Loans Receivable		600,896.51	600,896.51
Due from Current			
Deferred Loan		<u>5,256,737.58</u>	<u>5,256,737.58</u>
		<u>8,474,029.64</u>	<u>9,419,669.32</u>
Other Funds:			
Cash - Treasurer		7,784,124.89	2,608,615.43
Cash - Collector		1,720,362.88	4,184,409.26
Police Detail Receivable		82,929.15	35,510.83
Due from Current Fund		11,537,704.48	15,124,910.69
Loan Receivable - NPP Program		<u>1,254.45</u>	<u>1,254.45</u>
		<u>21,126,375.85</u>	<u>21,954,700.66</u>
		<u>29,601,823.29</u>	<u>31,376,679.98</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund:			
Due to Current Fund		388.80	1,134.00
Due to State of New Jersey		-	-
Reserve for Dog Fund Expenditures		<u>1,029.00</u>	<u>1,176.00</u>
		<u>1,417.80</u>	<u>2,310.00</u>
Community Development Block Grant:			
Reserve for Community Development			
Block Grant - Appropriated		2,510,736.50	2,020,654.83
Reserve for Loans Receivable		5,857,634.09	5,857,634.09
Due to Agencies			10,301.13
Due to Current Fund		<u>105,659.05</u>	<u>1,531,079.27</u>
		<u>8,474,029.64</u>	<u>9,419,669.32</u>
Other Funds:			
Deposits for Redemption of Tax Sale Certificates		562,962.88	1,566,969.67
Premiums on Tax Sale Deposits		1,157,400.00	2,614,800.00
Due to Taxpayers - Tax Title Lien		-	2,639.59
Encumbrances Payable		2,344,862.84	1,346,219.39
Reserve for NNP Loan			-
Overpaid Special Detail Services		100,892.57	148,344.09
Due to Current Fund		3.29	3.29
Due to Federal and State Grant Fund		756.09	756.09
Miscellaneous Reserves		<u>16,959,498.18</u>	<u>16,274,968.54</u>
		<u>21,126,375.85</u>	<u>21,954,700.66</u>
Total	\$	<u>29,601,823.29</u>	<u>31,376,679.98</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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EXHIBIT C - CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	\$	15,059,739.48	18,473,829.50
Deferred Charges to Future Taxation -			
Funded		223,646,000.00	247,406,000.00
Unfunded		480,000.00	480,000.00
Interfunds and Receivables			
Due from State of New Jersey		270,000.00	270,000.00
		<u>239,455,739.48</u>	<u>266,629,829.50</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		1,306,549.22	3,432,324.18
Bond Anticipation Notes Payable		-	-
Serial Bonds Payable		49,530,000.00	61,025,000.00
Tax Appeal Refunding Bonds		174,116,000.00	186,381,000.00
Improvement Authorizations:			
Funded		9,650,755.43	11,139,070.49
Unfunded		480,000.00	480,000.00
Reserve for Payment of Bonds		-	-
Capital Improvement Fund		911,292.97	711,292.97
Fund Balance		3,461,141.86	3,461,141.86
	\$	<u>239,455,739.48</u>	<u>266,629,829.50</u>

There were bonds and notes authorized but not issued at December 31

2015	480,000.00
2016	480,000.00

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$ 3,461,141.86	1,268,930.05
Increased by:		
Premiums on sale of Bonds & Notes		342,054.25
Canceled Improvement Authorizations	-	3,225,157.56
Decreased by:		
Transfer to Current Fund		
Transfer to Improvement Authorizations		1,375,000.00
Ending Balance December 31	<u>\$ 3,461,141.86</u>	<u>3,461,141.86</u>

EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP

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**STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
General Fixed Assets:		
Land	\$ 622,642,682.64	622,642,682.64
Land Improvements	9,746,440.00	8,965,912.25
Buildings	65,094,809.33	63,702,056.00
Machinery and Equipment	27,970,412.62	25,317,845.54
Vehicles	<u>25,728,126.49</u>	<u>24,907,797.27</u>
	<u>751,182,471.08</u>	<u>745,536,293.70</u>
Investment in General Fixed Assets	<u>\$ 751,182,471.08</u>	<u>745,536,293.70</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Atlantic City is a resort community in the County of Atlantic, State of New Jersey. The City covers an area of approximately 12 square miles with a population according to the 2010 census of 39,558. The City operates under a Mayor and Council form of government with the Mayor being the chief executive officer of the City and directly elected by the voters. The City Council is the law making body and passes all resolutions and ordinances. The City also employs a City Administrator who is responsible for the day to day operations of the City. Except as noted below, the financial statements of the City of Atlantic City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Atlantic City, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. If the City reported under GAAP, the Atlantic City Municipal Utility Authority, 401 N. Virginia Avenue, Atlantic City and the Atlantic City Public Library, 1600 Atlantic Ave, Atlantic City would be considered component units. Complete financial statements for the component units may be obtained at the entity's administrative offices.

B. Description of Funds

The accounting policies of the City of Atlantic City conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Atlantic City accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow. A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

General Fixed Assets -- The City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value at the time the land is foreclosed or donated. Land purchased by the City is valued at cost.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time that construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have been accounted for separately.

The following schedule is a summarization of the changes in general fixed assets for the most recent calendar year ended December 31, 2016 and 2015:

	Balance as of 12/31/14	Additions	Disposals	Adjustments	Balance as of 12/31/15
Land	\$ 622,642,683				622,642,683
Land Improvements	8,296,440	669,472			8,965,912
Buildings	63,702,056				63,702,056
Machinery and Equipment	25,311,017	6,829			25,317,846
Vehicles	24,438,157	469,640			24,907,797
	<u>\$ 744,390,353</u>	<u>1,145,941</u>	<u>-</u>	<u>-</u>	<u>745,536,294</u>

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Balance as of 12/31/15	Additions	Disposals	Adjustment	Balance as of 12/31/16
Land	\$ 622,642,683				622,642,683
Land Improvements	8,965,912	780,528			9,746,440
Buildings	63,702,056	1,392,753			65,094,809
Machinery and Equipment	25,317,846	2,652,567			27,970,413
Vehicles	24,907,797	820,329			25,728,126
	<u>\$ 745,536,294</u>	<u>5,646,177</u>	<u>-</u>	<u>-</u>	<u>751,182,471</u>

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district, or county.

Capitalization of Interest -- It is the policy of the City of Atlantic City to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

E. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the City is no expected to be significant.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosure". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the City's financial reporting, however will affect the disclosure of pension related items.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$6,032,615 and \$5,037,209. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$0 and \$0.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2016 and 2015 calendar years:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
Audit Services		
Other Expenses		110,426
Police		
Other Expenses	(75,000)	
Police Civilian Division		
Other Expenses	75,000	
Director's Office Public Works		
Other Expenses		350,000
Gasoline		(179,264)
Interest to State for Deferred Payments	(200,531)	
Public Employees Retirement System	163,617	
Social Security System (O.A.S.I.)	(15,000)	
Police and Firemen's Retirement System	36,916	
Lifeguard Pension	15,000	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2016, the following budget insertions were approved:

NJ DEP Acquisition - Altman Playground	\$ 378,271.00
Brownfields - Bungalow Park Site Cleanup	163,658.00
Brownfields - Delta Basin Site Cleanup	200,000.00
Brownfields - Hazardous Contamination	200,000.00
Brownfields - Petroleum Contamination	200,000.00

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. In 2015 the City authorized an emergency for \$350,000, there was \$0 left as of December 31, 2016.

Note 3: INVESTMENTS

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the City may invest in any one issuer.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2016 and 2015, \$0 and \$0 of the municipality's bank balance of \$70,642,559.31 and \$71,209,316.19, respectively were exposed to custodial credit risk.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	Balance Beginning 12/31/2014	Additions	Reductions	Balance Ending 12/31/2015	Due in One Year
General	\$ 217,856,000.00	53,760,000.00	24,210,000.00	247,406,000.00	23,760,000.00
Comp Absences	28,160,371.79	15,664,662.82	19,632,583.84	24,192,450.77	
Total	<u>\$ 246,016,371.79</u>	<u>69,424,662.82</u>	<u>43,842,583.84</u>	<u>271,598,450.77</u>	<u>23,760,000.00</u>

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Balance Beginning 12/31/2015	Additions	Reductions	Balance Ending 12/31/2016	Due in One Year
General	\$ 247,406,000.00		23,760,000.00	223,646,000.00	17,162,000.00
Comp Absences	24,192,450.77	12,660,600.79	12,900,830.37	23,952,221.19	
Total	<u>\$ 271,598,450.77</u>	<u>12,660,600.79</u>	<u>36,660,830.37</u>	<u>247,598,221.19</u>	<u>17,162,000.00</u>

Paid by Current Fund:

\$26,500,000 General obligation bonds dated 2/15/08 with principal payments starting 2/15/09 and ending 2/15/18. \$3,000,000 of principal was paid on 2/15/16. Semiannual interest payments began 2/15/09 with annual rates of 2.25% to 5.5%. The balance remaining as of December 31, 2016 was \$6,000,000.

\$16,354,000 General Improvement bonds dated 2/1/11 with principal payments starting 2/1/12 and ending 2/1/22. \$1,600,000 of principal was paid on 2/1/16. Semiannual interest payments began 8/1/11 with annual rates of 3.0% to 5.00%. The balance remaining as of December 31, 2016 was \$9,599,000.

\$35,285,000 Tax appeal refunding bonds dated 12/15/11 with principal payments starting 12/15/12 and ending 12/15/16. \$4,700,000 of principal was paid on 12/15/16. Semiannual interest payments began 6/15/12 with annual rates of 1.40% to 3.299%. The balance remaining as of December 31, 2016 was \$0. This entire issue was taxable for federal and state income taxes based on the purpose of the bond ordinance and in the opinion of Bond Council.

\$15,710,000 General obligation refunding bonds dated 4/1/12 with principal payments starting 10/1/12 and ending 4/1/17. \$3,075,000.00 of principal was paid on 4/1/16. Semiannual interest payments began 4/1/13 with annual rates of 3.0% to 5.00%. The balance remaining as of December 31, 2016 was \$3,220,000. \$15,710,000 of the refunding bonds replaced \$16,150,000 of the series 2003 General obligation refunding bonds. The net present value savings exceeded \$606,000.

\$5,450,000 Pension refunding bonds dated 4/1/12 with principal payments starting 4/1/13 and ending 4/1/21. \$585,000.00 of principal was paid on 4/1/16. Semiannual interest payments began 4/1/13 with annual rates of 2.314% to 4.756%. The balance remaining as of December 31, 2016 was \$3,295,000. \$5,450,000 of the pension refunding bonds replaced \$5,325,035 of State of New Jersey PERS ERI Program debt. The net present value savings exceeded \$421,000.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

\$93,000,000 Tax appeal refunding bonds dated 12/5/12 with principal payments starting 11/1/13 and ending 11/1/32. \$7,565,000.00 of principal was paid on 11/1/16. Semiannual interest payments began 5/1/13 with annual rates of 1.388% to 5.00%. The balance remaining as of December 31, 2016 was \$83,380,000. \$2,620,000 of this issue was taxable for federal and state income taxes based on the purpose of the bond ordinance and in the opinion of Bond Council.

\$48,976,000 Tax appeal refunding bonds dated 12/5/13 with principal payments starting 12/1/17 and ending 12/1/33. Semiannual interest payments began 6/1/14 with annual rates of 3.00% to 5.00%. The balance remaining as of December 31, 2016 was \$48,976,000.

\$13,901,000 General Obligation bonds dated 12/5/13 with principal payments starting 12/1/14 and ending 12/1/28. \$790,000.00 of principal was paid on 12/1/16. Semiannual interest payments began 6/1/14 with annual rates of 3.00% to 5.00%. The balance remaining as of December 31, 2016 was \$11,881,000.

\$7,710,000 General obligation refunding bonds dated 1/15/14 with principal payments starting 7/15/14 and ending 1/15/18. \$2,020,000.00 of principal was paid on 1/15/16. Semiannual interest payments began 7/15/14 with annual rates of 2.09%. The balance remaining as of December 31, 2016 was \$5,980,000. \$3,960,000 of the refunding bonds replaced \$7,480,000 of the series 2005 General obligation refunding bonds.

\$41,760,000 Tax appeal refunding bonds dated 5/21/15 with principal payments starting 3/1/20 and ending 3/1/40. Semiannual interest payments will begin in 2016 with annual rates of 7.00% to 7.50%. The balance remaining as of December 31, 2016 was \$41,760,000.

\$12,000,000 General obligation bonds dated 5/28/15 with principal payments starting 3/1/16 and ending 3/1/30. \$425,000.00 of principal was paid on 3/1/16. Semiannual interest payments will begin in 2016 with annual rates of 6.00%. The balance remaining as of December 31, 2016 was \$11,575,000.

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CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>General Capital Principal</u>	<u>Total Interest</u>	<u>Total</u>
2017	\$ 17,162,000.00	11,159,787.41	28,321,787.41
2018	14,045,000.00	10,411,417.91	24,456,417.91
2019	17,090,000.00	9,911,455.38	27,001,455.38
2020	16,015,000.00	9,032,297.50	25,047,297.50
2021	15,360,000.00	8,216,646.60	23,576,646.60
2022-2026	62,329,000.00	30,709,150.00	93,038,150.00
2027-2031	43,880,000.00	18,145,331.26	62,025,331.26
2032-2036	21,175,000.00	9,445,687.50	30,620,687.50
2037-2040	16,590,000.00	2,604,750.00	19,194,750.00
	<u>\$ 223,646,000.00</u>	<u>109,636,523.56</u>	<u>333,282,523.56</u>

As of December 31, 2016, the carrying value of the above bonds approximates the fair value of the bonds.

Bonds & Notes Issued	\$ 223,646,000.00	247,406,000.00	217,856,000.00
Notes/Loans		-	52,800,000.00
Less: Funds Temporarily Held to Pay			
Bonds and Notes		-	7,956.44
Net Debt Issued	<u>223,646,000.00</u>	<u>247,406,000.00</u>	<u>270,648,043.56</u>

Authorized but not issued:

General:

Bonds and notes	<u>480,000.00</u>	<u>480,000.00</u>	<u>100,480,000.00</u>
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Bonds & Notes Authorized But Not Issued

	<u>480,000.00</u>	<u>480,000.00</u>	<u>100,480,000.00</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 224,126,000.00</u>	<u>247,886,000.00</u>	<u>371,128,043.56</u>

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.141%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 70,696,000.00	70,696,000.00	-
General Debt	238,845,148.00	14,719,148.00	224,126,000.00
	<u>\$ 309,541,148.00</u>	<u>85,415,148.00</u>	<u>224,126,000.00</u>

Net Debt \$224,126,000/ Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$8,695,098,227.33 = 2.578%.

The foregoing information is in agreement with the Annual Debt Statement filed with the Division of Local Government Services.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 304,328,437.96
Net Debt	224,126,000.00
Remaining Borrowing Power	<u>\$ 80,202,437.96</u>

The City of Atlantic City School District, as a K-12 school district, is permitted to borrow up to 4% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amounts approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 6: SHORT-TERM OBLIGATIONS

There were no short term obligations during the 2016 year. The 2015 short term obligations were as follows:

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation				
Notes payable:				
General	\$ 52,800,000.00		52,800,000.00	-
	<u>\$ 52,800,000.00</u>	<u>-</u>	<u>52,800,000.00</u>	<u>-</u>

The City had no outstanding short term obligations as of December 31, 2016 and 2015.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016 and 2015, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2017 and 2016 were as follows:

	<u>2016</u>
Current Fund	\$0

The 2017 budget has not been adopted as of the date of the audit.

Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Deficit in Operations	\$ 8,615,182.24	1,230,740.00	7,384,442.24
Deficit due to Tax Appeals	108,028,257.32	-	108,028,257.32
Prior Outstanding Payables	37,588,785.85	-	37,588,785.85
	<u>\$ 154,232,225.41</u>	<u>1,230,740.00</u>	<u>153,001,485.41</u>

The 2017 budget has not yet been adopted. The City is currently under the supervision of a State Monitor, and the amounts required to be appropriated for the Deficit due to Tax Appeals and the Prior Outstanding Payables will be determined by the State prior to the budget being adopted.

The appropriations in the 2017 Budget are not less than that required by statute and State agreement.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Note 9: SCHOOL TAXES

Local District School Tax in the amount of \$100,077,234.75 has been raised for the 2016 calendar year and \$90,835,128.06 remitted to the school district leaving a \$9,242,106.69 balance payable. Since the school district operates on a July 1 to June 30 fiscal year the school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Note 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance 12/31/16</u>	<u>Balance 12/31/15</u>
Prepaid Taxes	\$ 840,825.85	1,237,391.88
Cash Liability for Taxes Collected in Advance	<u>\$ 840,825.85</u>	<u>1,237,391.88</u>

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Police and Fireman's Retirement System

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA43:15C-1 et seq). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.06% through June 30, 2016 and 7.13% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 6.98% of covered payroll and for PFRS a rate of 10.0% of covered payroll. The City's contributions to PERS for the years ending December 31, 2016, 2015 and 2014 were \$4,363,864.74, \$0.00 and \$3,534,671.00 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2016, 2015 and 2014 were \$15,605,749.52, \$0.00 and \$14,323,084.39 respectively, equal to the required contributions for each year. The City received permission from the State Division of Local Government Services to defer the 2015 payments due for the pensions. The amounts have been accrued as payables on the balance sheet as of December 31, 2016 in the amounts of \$3,985,571.50 for PERS and \$14,660,768.52 for PFRS. For the year 2009 the City elected to defer 50% of the PERS and PFRS payments. The City started to budget the deferred amount in 2012 for 5 years, in addition to 8.5% interest.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $1/60^{\text{th}}$ from $1/55^{\text{th}}$, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2016:

Public Employees' Retirement System

The Municipality has a liability of \$115,125,249.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be .38871167490%, which would be a decrease of 17.26% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$8,760,124.00. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 2,140,981	
Changes of assumptions	23,847,802	
Changes in proportion	2,331,963	(13,218,448)
Net difference between projected and actual earnings on pension plan investments	4,389,830	
Total	<u>\$ 32,710,576</u>	<u>(13,218,448)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2017	\$ 4,411,190
2018	4,411,190
2019	5,042,896
2020	4,220,064
2021	1,406,787
Total	<u>\$ 19,492,128</u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy

CITY OF ATLANTIC CITY
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Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	\$ 137,966,529	115,125,249	96,288,039

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Police and Firemen's Retirement System

The Municipality has a liability of \$314,099,932.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 1.64428204790%, which would be a decrease of 9.48% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$28,545,743.00. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience		(2,058,972)
Changes of assumptions	43,505,422	
Changes in proportion	2,262,316	(24,257,636)
Net difference between projected and actual earnings on pension plan investments	22,008,350	
Total	<u>\$ 67,776,088</u>	<u>(26,316,608)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ 10,025,430
2017	10,025,430
2018	13,306,706
2019	7,795,366
2020	306,548
Total	<u>\$ 41,459,480</u>

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

CITY OF ATLANTIC CITY
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	\$ 399,301,646	314,099,932	244,650,964

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2016 State special funding situation net pension liability amount of \$1,604,141,087.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense of \$204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 1.64428204790 % for 2016. The net pension liability amount allocated to the Municipality was \$26,376,604.00. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$3,368,914.00 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 13: PENSION PLAN FOR LIFEGUARDS

The City of Atlantic City has established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary at the rate of 4.0% and contributed to the plan for his benefit. Retiree benefits are paid out of the current fund and charged to the current operating budget of the City. A plan member may retire with a pension only after his 45th birthday and after he has completed 20 years of service, the last 10 must have been completed immediately preceding his application.

Employee contributions to the pension fund were \$64,434.40 and \$74,183.06 and benefits paid to retirees was \$1,163,029.63 and \$1,081,777.88 for the years ended December 31, 2016 and 2015, respectively. The City has not established a separate trust fund for the accumulation of contributions and the payment of retiree benefits.

Note 14: POST-RETIREMENT BENEFITS

The City contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2009, the City authorized participation in the State Health Benefit Program through resolution 307-2009.

Members of the Public Employees' Retirement System would generally qualify for coverage under the following criteria:

Service Retirement	Eligible at age 60
Early Retirement	Eligible after 25 years of service
Service or Early Retirement Eligibility for State-paid SHBP Benefits	Attainment of 25 years of service
Ordinary Disability Retirement	Eligible after 10 years of service
Accidental Disability	Eligible upon total and permanent disability prior to age 65 as a result of a duty injury

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

The New Jersey State Health Benefits Plan issues a stand-alone financial report under GASB 43. To view the report, go to <http://www.state.nj.us/treasury/pensions/shbp.htm>.

The City is a member of the SHBP. During 2016, \$31,656,479.77 was paid by the City for health care, of which \$11,170,495.74 was paid for retirees and additional \$4,588,394.91 was withheld and paid by employees. The amount paid during 2015 was \$10,786,246.99, of which \$2,465,532.10 was paid for retirees. The City has deferred health benefit payments from 2015 with permission from the State Division of Local Government Services. The City has accrued \$18,942,445.83 in Health Benefits Payable as of December 31, 2016.

Note 15: DEFERRED COMPENSATION

Employees of the City of Atlantic City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service For State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 16: LABOR CONTRACTS

As of December 31, 2016, the City's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

Contract	Category	Expiration	Covers
ACWCPA	White Collar	12/31/14	All employees except police, fire, craft and blue collar workers. Supervisors are also excluded.
PBA	Police	12/31/15	All uniformed police, detectives, and other special police units, excluding the chief, deputy chief, inspectors, captains, and all other employees of the City.
IAFF	Firefighters	12/31/14	All uniformed firefighters
IBEW #351	Construction Code Inspectors	12/31/14	All Construction Office inspectors.
GWU # 910	Supervisors	12/31/14	All supervisors
AFL-CIO #2303	Blue Collar	12/31/14	Blue collar workers
AFL-CIO # 2303C	Beach Patrol	12/31/12	All lifeguards, lieutenants and captains, but excludes chief, assistant chief, area chief, beach surgeon, medical assistant.
SOA	Superior Officers'	12/31/15	Police captains, excluding chief, deputy chief, inspectors, and all other employees of the City.

Note 17: ACCRUED SICK AND VACATION BENEFITS

The City has permitted full time employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2016 and 2015, the City estimates this liability to approximate \$23,952,221.19 and \$24,192,450.77, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City has established a reserve that as of December 31, 2016 and 2015 was \$4,468,651.50 and \$4,095,598.18, respectively.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 18: ECONOMIC DEPENDENCY

The City of Atlantic City is economically dependent on one industry as a major source of tax revenue for the City. The City receives approximately 65% of the Tax Levy from the Casino industry.

Note 19: COMMITMENTS AND CONTINGENCIES

During the normal course of operations, lawsuits are frequently brought against the governmental unit. There are presently numerous suits pending against the City.

The City has not prepared an Incurred But Not Reported ("IBNR") report for the General Liability or Workers Compensation self funded insurance. The General Liability loss reserve calculated by the insurance consultant is approximately \$13,800,000. This Reserve is underfunded without including an IBNR calculation, by over \$12,400,000. Based on verification by the City's Insurance Broker and Solicitor the loss reserves include an adequate basis for estimating potential liabilities to the City at December 31, 2016. Also, estimates of payments to be made in 2016 were included in the City's 2016 budget. Additionally, the City has purchased an excess loss policy for any losses over \$500,000.

The Worker Compensation report, prepared by the City's other consultant, indicated current claims of over \$9,500,000. This Reserve is underfunded without including an IBNR calculation, by over \$4,600,000. Based on verification by the City's Insurance Broker and Solicitor the loss reserves include an adequate basis for estimating potential liabilities to the City at December 31, 2016. Also, estimates of payments to be made in 2017 will be included in the City's 2017 budget.

In prior years the City has settled real estate tax appeal with a number of casinos and non-casino properties. The settlement and appeals were comprised of cash payment and future tax credits. The tax credits are applied against the quarterly tax bills to a maximum of the total bill. The application of the credit results in a negative adjustment to fund balance. As of December 31, 2016 there were credits to be applied. Any appeals or settlements with the casinos may be funded with tax appeal bonds or are listed as overpaid taxes on the financial statements. As of December 31, 2016 there are two unfunded settlements. The first is with the Borgata Casino Hotel. The City has agreed to a settlement of \$72,000,000. The City adopted an ordinance in 2017 to refund the settlement but has not issued debt as of the date of this report and tax credits had been taken by the Borgata through December 31, 2016. The second is with MGM, a non-casino land. As of December 31, 2016 the City owed \$32,264,732 in tax credits. The City currently includes \$5,000,000 in operations each year which reflects the annual credits.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 20: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The City is self insured for property, liability some employee health plans and workers compensation. The City has commercial coverage for surety bonds and employee health insurance.

The self insurance has an excess policy for covered claims over \$500,000

The following is the activity for the years ended December 31,

	2016		2015	
	General Liability	Worker Compensation	General Liability	Worker Compensation
Beginning of Year:				
Unencumbered Reserve	\$ 4,055,130.08	3,757,028.84	1,954,640.65	3,171,837.00
Other	81,831.77	326,852.43	33,994.36	282,545.65
Funded by Budget Appropriation	4,295,000.00	5,336,000.00	8,177,500.00	5,091,500.00
	<u>8,431,961.85</u>	<u>9,419,881.27</u>	<u>10,166,135.01</u>	<u>8,545,882.65</u>
Paid	<u>5,468,568.48</u>	<u>4,508,190.85</u>	<u>6,111,004.93</u>	<u>4,788,853.81</u>
End of Year	<u>2,963,393.37</u>	<u>4,911,690.42</u>	<u>4,055,130.08</u>	<u>3,757,028.84</u>
Analysis of Balance				
Unencumbered Reserve	2,963,393.37	4,911,690.42	3,208,341.52	3,757,028.84
Encumbrances/Payables			846,788.56	
	<u>\$ 2,963,393.37</u>	<u>4,911,690.42</u>	<u>4,055,130.08</u>	<u>3,757,028.84</u>

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CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 21: INTERFUND BALANCES

As of December 31, 2016, the following interfunds were included on the balance sheets of the various funds of the City of Atlantic City:

	<u>Due From</u>	<u>Due to</u>
Current Fund:		
CDBG Trust	\$ 105,659.05	
Grant Fund	3,098,512.95	
Trust Fund - Dog Fund	388.80	
Trust Funds - Other	158,316.53	11,696,017.72
Grant Fund:		
Current Fund		3,098,512.95
Trust Funds – Other	756.09	
Trust Fund:		
Current -		
Dog Fund		388.80
Other Trusts	11,537,704.48	3.29
CDBG		105,659.05
Grant Fund		756.09
	<u>\$ 14,901,337.90</u>	<u>14,901,337.90</u>

The Grant Fund only maintains a bank account for specific grants. All other grant activity is transacted through Current Fund bank accounts. A number of the Trust Funds do not maintain bank accounts. Their activity is transacted through the Current Fund bank accounts. The CDBG interfund is due to a timing issue based on the drawdown of Federal funds.

Note 22: SUBSEQUENT EVENTS

The management of the City has been placed under the Local Finance Board (the “Board”) by the State of New Jersey under the authority of the Municipal Stabilization and Recovery Act (the “Act”). Under the Act, the Board has the authority to, among other powers, renegotiate and/or break union contracts. As of the date of the audit report, the police and fire unions have filed lawsuits to block the contract changes proposed.

In order to stabilize the ratable tax base, S1715/A-3209, known as the PILOT bill, went into effect in 2017. The bill provides for the casinos within the City to make guaranteed mandatory minimum payments in lieu of paying property taxes for a ten year period. During this period, the casinos will be unable to file tax appeals and will be required to make quarterly payments.

The City has evaluated events through April 14, 2017, the date which the financial statements were available to be issued and no additional items, except as noted above, were noted for disclosure.

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SUPPLEMENTARY DATA

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Atlantic City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 14, 2017, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Responses to Findings

The City of Atlantic City's response to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 14, 2017



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

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www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Atlantic City, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Atlantic City's compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* and the New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of the City of Atlantic City's major federal and state programs for the year ended December 31, 2016. The City of Atlantic City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Atlantic City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Atlantic City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Atlantic City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Atlantic City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of City of Atlantic City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Atlantic City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Atlantic City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
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April 14, 2017

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 1

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal FAIN Number	State Project Number	Grant Period		Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures			(MEMO) Passed Through to Sub-Recipients
				From	To			Pass Through	Source	Total	
FEDERAL:											
Department of Housing and Urban Development											
Community Development Block Grant	14.218	B16MC340001		1/1/16	12/31/16	1,077,662.00 \$	1,077,662.00			-	
Community Development Block Grant	14.218	B15MC340001		1/1/15	12/31/15	1,074,143.00			482,548.14	482,548.14	
Community Development Block Grant	14.218	B14MC340001		1/1/14	12/31/14	1,117,286.00			252,755.88	252,755.88	
							1,077,662.00	-	735,304.02	735,304.02	-
HOME Investment Partnership Program	14.239	M16-MC340200		1/1/16	12/31/16	312,970.00	312,970.00			-	
HOME Investment Partnership Program	14.239	M15-MC340200		1/1/15	12/31/15	305,462.00				-	
HOME Investment Partnership Program	14.239	M14-MC340200		1/1/14	12/31/14	301,954.00				-	
HOME Investment Partnership Program	14.239	M13-MC340200		1/1/13	12/31/13	270,873.00				-	
							312,970.00	-	-	-	-
CDBG Post Sandy Planning Grant	14.269	B13DS340001		1/1/14	12/31/14	345,000.00				-	
CDBG Disaster Recovery - Inlet Seawall	14.218	B12DT340001		1/1/13	12/31/13	658,138.00		14,075.01		14,075.01	
CDBG Main Street AC Streetscape	14.XXX			1/1/15	12/31/15	588,095.00				-	
							1,390,632.00	14,075.01	735,304.02	749,379.03	-
Total Department of Housing and Urban Development											
Department of Agriculture											
Passed through NJ Department of Health	10.557	14141NJ04W1003		10/1/14	9/30/15	955,045.00				-	
Women, Infants, and Children										-	
Passed through NJ Department of Education	10.555	15151NJ304N1099		1/1/15	12/31/15	80,566.00		204.49		204.49	
Summer Food Program	10.555	14141NJ304N1099		1/1/14	12/31/14	87,003.00				-	
							-	204.49		204.49	
							-	204.49		204.49	
Total Department of Agriculture											
Department of Justice											
Bullet Proof Vest Partnership	16.607			1/1/14	12/31/14	31,832.00		27,049.93		27,049.93	
Bullet Proof Vest Partnership	16.607			1/1/13	12/31/13	44,903.00				-	
							-	27,049.93		27,049.93	
Ed Byrne Memorial Justice Assistance	16.738	2014DBJX449		1/1/15	12/31/15	93,893.00				-	
Ed Byrne Memorial Justice Assistance	16.738	2013DBJX449		1/1/14	12/31/14	109,723.00		45,399.63		-	
							-	45,399.63		-	
							-	72,449.56		27,049.93	
Total Department of Justice											
Department of Homeland Security											
SAFER	97.083	EWV2014FH00931		1/1/15	12/31/16	21,517,020.00			10,728,653.68	10,728,653.68	
SAFER	97.083	EWV2013FH00424		1/1/14	12/31/15	8,661,585.00			63,332.69	63,332.69	
Assistance to Firefighters	97.036	4086DRNJ00000001		1/1/14	12/31/14	543,400.00				-	
Assistance to Firefighters	97.036	4086DRNJ00000001		1/1/16	12/31/16	185,651.00	185,651.00		176,700.57	176,700.57	
Hazard Mitigation - Fisherman's Park				1/1/13	12/31/13	3,225,000.00				-	
FEHA Flood Hazard Mitigation	97.039	1897DSNJ00000005		1/1/15	12/31/15	773,177.00				773,177.00	
							185,651.00	949,877.57	10,791,986.37	11,741,863.94	-
Total Department of Homeland Security											
Total Federal Assistance							\$ 1,576,283.00	1,036,606.63	11,527,290.39	12,518,497.39	-

See Accompanying Notes to Schedule of Federal Awards

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 2

State Grantor Department Program Title / Name	Grant Award Number	Grant Period From To	Program or Award Amount	Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Cumulative Expenditures
STATE OF NEW JERSEY						
NJ Department of Environmental Protection						
Clean Communities	4900-765-042-4900-004	1/1/2016	98,461.24	\$ 98,461.64		-
Clean Communities	4900-765-042-4900-004	1/1/2015	86,134.64		23,537.09	23,537.09
Clean Communities	4900-765-042-4900-004	1/1/2014	70,858.00		4,407.32	67,786.99
Clean Communities	4900-765-042-4900-004	1/1/2013	75,625.00		3,100.00	54,746.35
Clean Communities	4900-765-042-4900-004	1/1/2012	64,412.00			64,402.00
Recycling Tonnage	4900-752-042-4900-001	1/1/2014	109,805.70		26,336.86	71,645.26
Recycling Tonnage	4900-752-042-4900-001	1/1/2013	73,975.00		4,866.91	71,758.50
Recycling Tonnage	4900-752-042-4900-001	1/1/2012	88,076.00		8.00	88,076.00
Recycling Tonnage	4900-752-042-4900-001	1/1/2011	96,196.00		32,188.30	96,196.00
Recycling Tonnage	4900-752-042-4900-001	1/1/2009	118,784.00		40,314.79	117,727.28
Recycling Tonnage	4900-752-042-4900-001	1/1/2008	32,322.00		38.14	32,255.02
Green Acres		1/1/2014	450,000.00		450,000.00	450,000.00
Green Acres - Altman Playground		1/1/2016	378,271.25	378,271.25	-	-
Harold Brown Memorial Park		1/1/2016	378,271.25	666,296.00	-	-
National Fish and Wildlife		1/1/2015	187,500.00		20,042.50	49,840.00
Brownfield Cleanup Riverside Park	BF-97250207-0	1/1/2013	200,000.00		4,625.00	187,065.00
Brownfield - Bungalow Park Site Cleanup	BF-97250207-0	1/1/2016	163,658.00	163,658.00		-
Brownfield Cleanup - AC Delta Basin	BF-97250207-0	1/1/2016	200,000.00	200,000.00		-
Brownfield - Hazardous Contamination	BF-97250207-0	1/1/2016	200,000.00	200,000.00		-
Brownfields- Petroleum Contamination	BF-97250207-0	1/1/2016	200,000.00	200,000.00		-
Hazardous Site Remediation - Riverside Business Park		1/1/2016	47,985.00	47,985.00		47,985.00
NJ Department of Health						
HIV Testing & Counseling	4245-100-046-4866	1/1/2015	300,850.00		3,581.23	207,558.19
NJ Division of Law and Public Safety						
Body Armor - 2016	1020-718-066-1020	1/1/2016	23,035.81	23,035.81		-
Body Armor - 2014	1020-718-066-1020	1/1/2014	28,926.00		14,838.97	14,838.97
Body Armor - 2013	1020-718-066-1020	1/1/2013	46,166.00		14,582.03	16,165.99
Body Worn Camera		1/1/2016	30,000.00	30,000.00		-
COPS in Shops	1400-100-066-1400	1/1/2016	5,000.00	5,000.00	1,400.15	1,400.15
Alcohol Education and Rehab		1/1/2016	2,849.83	2,849.83	210.00	210.00
Alcohol Education and Rehab		1/1/2013	8,829.01		2,714.28	2,714.28
NJ Department of Transportation						
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2016	196,000.00	196,000.00		-
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2015	210,000.00		210,000.00	210,000.00
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2015	200,000.00		186,260.25	186,260.25
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2014	1,026,057.00		167,937.68	1,004,699.00
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2013	187,000.00		40,024.47	40,024.47
Disaster Relief Opportunity Act		1/1/2013	1,130,000.00		395,439.53	694,568.00
Traffic Light Synchronization		1/1/2015	917,246.00		902,546.00	917,246.00
Traffic Light Synchronization		1/1/2014	963,947.00		891,822.69	891,822.69
NJBPU						
LED Upgrade Lighting Program		1/1/2016	2,000,000.00	2,000,000.00	-	-
NJ Department of Community Affairs						
EDA - Boardwalk Reconstruction		1/1/2015	5,032,288.00	32,288.00	1,866,350.70	2,033,095.70
Sustainable Jersey		1/1/2015	20,000.00		11,543.68	19,902.53
Total State Assistance			\$ 4,243,845.53	\$ 4,243,845.53	5,318,716.57	5,318,716.57

See Accompanying Notes to Schedule of Federal Awards

**Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2016**

Note 1: BASIS OF PRESENTATION

The accompanying schedule of federal and state awards includes the federal and state grant activity of the City of Atlantic City, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule do not agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

Expenditures per Schedule of Federal and State Awards	\$ 17,988,916.52
Less: Community Development Block Grant	(735,304.02)
Plus: Local Grants	2,416,162.67
Plus: Local Match	32,288.00
Expenditures reported on Schedule A-12	<u>\$ 19,702,063.17</u>

CITY OF ATLANTIC CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Part I – Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Adverse under GAAP/Unmodified under Regulatory
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? yes X no
- C) Noncompliance material to general-purpose financial statements noted? yes X no

Federal Awards Section

- D) Dollar threshold used to determine type A programs: \$ 750,000
- E) Auditee qualified as low-risk auditee? X yes no
- F) Type of auditor's report on compliance for major programs Unmodified
- G) Internal control over major programs:
- 1) Material weakness(es) identified? yes X no
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes X no
- I) Identification of major programs:

CFDA Number(s)

97.039
97.083

Name of Federal Program or Cluster

FEMA
SAFER

**CITY OF ATLANTIC CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Part I – Summary of Auditor's Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: \$750,000
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditor's report issued on compliance
for major programs: Unmodified
- M) Internal Control over major programs:
- 1) Material weakness(es) identified? yes X no
- 2) Significant Deficiencies identified that are
 not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be
reported in accordance with NJOMB Circular
Letter 15-08? yes X no
- O) Identification of major programs:

GMIS Number(s)

8020-100-022-XXXX

Name of State Program

EDA – Boardwalk Reconstruction

Part 2 -- Schedule of Financial Statement Findings

NONE

Part 3 -- Schedule of Federal Award Findings and Questioned Costs

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2015	\$ 29,777,037.69	48,942.16
Increased by Receipts:		
Tax Collector	187,368,078.55	
Revenue Accounts Receivable	105,893,362.60	
Miscellaneous Revenue	1,392,018.20	
Due to CDBG	1,425,420.22	
Due from Dog Trust	1,134.00	
Homestead Rebate	385,000.55	
State of New Jersey		
Senior Citizens and Veterans	125,715.00	
DCA Training Fees	129,279.67	
Marriage Licenses	5,290.00	
Prior Year State Receivable	33,289,975.85	
Interfunds		
Reserve for FEMA	1,985,407.71	
Reserve Miscellaneous	3,900,132.04	
Voided Checks	450,000.00	
Federal and State Unappropriated		4.86
Federal and State Receivables	21,347,587.50	
	<u>357,698,401.89</u>	<u>4.86</u>
	387,475,439.58	48,947.02
Decreased by Disbursements:		
Current Year Appropriation	199,374,678.97	
Prior Year Appropriations	4,206,834.57	
County Taxes	24,955,299.24	
Local District School Taxes	90,835,128.06	
Prior Year Refunds	31,043.02	
Due from CDBG		
Reserve for Payroll Account	944,973.08	
Accounts Payable	36,251.99	
State of New Jersey		
DCA Training Fees	103,802.67	
Marriage Licenses	8,130.00	
Due to the Library		
Interfunds	3,587,206.21	
Due to ACMUA	16,337.75	
Refund of Tax Overpayments	1,330,841.67	
Federal and State Disbursements	19,702,063.17	
	<u>345,132,590.40</u>	<u>-</u>
Balance December 31, 2016	\$ <u><u>42,342,849.18</u></u>	<u><u>48,947.02</u></u>

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2015		\$	
Increased by Receipts:			
Prepaid Taxes	840,825.85		
Taxes Receivable	184,932,022.77		
Revenue Accounts Receivable	1,574,175.44		
Due to ACMUA	<u>21,054.49</u>		
			<u>187,368,078.55</u>
			187,368,078.55
Payments to Treasurer			<u>187,368,078.55</u>
		\$	<u><u>-</u></u>

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Collections by Cash 2015	2016	Overpayments	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2016
Special Chg \$	236,002.20				156,089.81		79,912.39			(0.00)
2012	1,162.80									1,162.80
2013	24,990.23						427.19			24,563.04
2014	91,727.74						857.03			90,870.71
2015	332,143.74				115,686.87		38,316.17			178,140.70
	686,026.71			-	271,776.68	-	119,512.78	-	-	294,737.25
2016		251,513,018.33		1,237,391.88	186,282,638.52	44,238,622.04	8,051,192.44	3,281,104.16		8,422,089.29
\$	686,026.71	251,513,018.33	-	1,237,391.88	186,554,415.20	44,238,622.04	8,170,705.22	3,281,104.16	-	8,716,806.54

Cash Receipts
 Senior Citizens and Veterans
 Homestead Rebate

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax
 Added Taxes (54:4-63.1 et. Seq.)

251,513,018.33
 -
 251,513,018.33

Tax Levy:

General County Taxes
 County Open Space Taxes
 County Added and Omitted Taxes
 Total County Taxes

24,915,662.99
 (14,403.49)
 -
 24,901,259.50

Local School District Tax

100,077,234.00

Local Tax for Municipal Purposes
 Add: Additional Tax Levied

126,437,856.11
 96,668.72
 126,534,524.83
 251,513,018.33

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2015		\$	9,094,292.76
Increased by:			
Transfers from Taxes Receivable	3,281,104.16		
Interest and Costs Accrued by Sale			
No tax sale in current year			
			<u>3,281,104.16</u>
			12,375,396.92
Decreased by:			
Collections	577,294.54		
Transfer to Foreclosed Property	342,911.78		
Other	547,805.74		
			<u>1,468,012.06</u>
Balance December 31, 2016		\$	<u>10,907,384.86</u>

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**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF ADMINISTRATION					
Mayor's Office					
Salaries and Wages	\$ 1,623.28	1,623.28	185.40	1,437.88	-
Other Expenses	13,273.98	13,273.98	592.39	12,681.59	-
Business Administrator's Office					
Salaries and Wages	1,575.48	1,575.48		1,575.48	-
Other Expenses	274,779.40	274,779.40	18,638.70	256,140.70	-
Solicitor's Office					
Salaries and Wages	10,791.16	10,791.16		10,791.16	-
Other Expenses	601,531.34	601,531.34	264,411.16	337,120.18	-
Administrative Services - Mail Room					
Salaries and Wages	1,950.55	1,950.55		1,950.55	-
Other Expenses	1,087.24	1,087.24	105.47	981.77	-
Municipal Court					
Salaries and Wages	61,259.40	61,259.40	991.46	60,267.94	-
Other Expenses	38,008.95	38,008.95	19,832.26	18,176.69	-
Prosecutor's Office					
Salaries and Wages	1,847.49	1,847.49		1,847.49	-
Other Expenses	20,282.85	20,282.85	1,883.68	18,399.17	-
Insurance					
Liability					
Workers Compensation	893,815.40	893,815.40	562,202.99	331,612.41	-
Employee Group	107,303.18	107,303.18	104,829.18	2,474.00	-
Health Waiver - Employee Opt Out	1,213,753.01	1,213,753.01	116,825.50	1,096,927.51	-
Public Defender	6,588.34	6,588.34		6,588.34	-
Salaries and Wages	4,716.55	4,716.55	233.43	4,483.12	-
Other Expenses	26,997.09	26,997.09	6,599.52	20,397.57	-
Miscellaneous					
Social Services Agencies	14,500.00	14,500.00	2,825.13	11,674.87	-
Assessor					
Salaries and Wages	16,623.67	16,623.67	67.13	16,556.54	-
Other Expenses	258,758.57	258,758.57	165,862.50	92,896.07	-
Data Processing/Management Information (MIS)					
Salaries and Wages	52,151.42	52,151.42	681.12	51,470.30	-
Other Expenses	189,625.50	189,625.50	44,645.68	144,979.82	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
DEPARTMENT OF HUMAN RESOURCES					
Director's Office					
Salaries and Wages	12,749.05	12,749.05		12,749.05	-
Other Expenses	9,921.77	9,921.77	8,220.10	1,701.67	-
Personnel Division					
Salaries and Wages	11,713.69	11,713.69	1,521.16	10,192.53	-
Health Division					
Salaries and Wages	662.88	662.88		662.88	-
DEPARTMENT OF PLANNING AND DEVELOPMENT					
Director's Office					
Salaries and Wages	27,243.82	27,243.82	687.55	26,556.27	-
Other Expenses	29,769.53	29,769.53	22,285.61	7,483.92	-
Planning Division					
Salaries and Wages	2,292.28	2,292.28		2,292.28	-
Other Expenses	94,200.90	94,200.90	80,929.64	13,271.26	-
Zoning Board					
Other Expenses	5,000.00	5,000.00		5,000.00	-
City Engineer					
Salaries and Wages	12,333.58	12,333.58		12,333.58	-
Other Expenses	174,587.36	174,587.36	131,039.86	43,547.50	-
Economic Development - CDBG					
Salaries and Wages	46,047.29	46,047.29	530.13	45,517.16	-
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office					
Salaries and Wages	2,957.96	2,957.96		2,957.96	-
Other Expenses	10,812.01	10,812.01	165.13	10,646.88	-
Comptroller's Office					
Salaries and Wages	46,384.90	46,384.90	668.30	45,716.60	-
Other Expenses	73,593.59	73,593.59	700.00	72,893.59	-
Tax Collector's Office					
Salaries and Wages	13,455.56	13,455.56		13,455.56	-
Other Expenses	8,928.78	51,928.78	45,693.94	6,234.84	-
Audit Service					
Other Expenses	61,801.00	61,801.00	46,287.50	15,513.50	-
Purchasing					

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Salaries and Wages	3,744.83	3,744.83		3,744.83	-
Other Expenses	4,828.52	4,828.52	610.90	4,217.62	-
Finance Division					
Salaries and Wages	3,022.34	3,022.34	769.68	2,252.66	-
Other Expenses	2,822.01	2,822.01	554.98	2,267.03	-
DEPARTMENT OF PUBLIC SAFETY					
Police					
Salaries and Wages	1,402,174.01	1,402,174.01		1,402,174.01	-
Other Expenses	798,645.09	798,645.09	482,108.64	316,536.45	-
Police Civilian Division					
Salaries and Wages	634,119.43	634,119.43	3,780.98	630,338.45	-
Other Expenses	186,305.35	186,305.35	18,896.64	167,408.71	-
Emergency Services					
Salaries and Wages	281,849.08	281,849.08	12,181.17	269,667.91	-
Other Expenses	28,795.46	28,795.46	10,858.31	17,937.15	-
Fire					
Salaries and Wages	837,722.50	837,722.50	152,546.03	685,176.47	-
Other Expenses	110,681.97	110,681.97	98,365.78	12,316.19	-
Fire Civilian					
Salaries and Wages	39,050.13	39,050.13		39,050.13	-
Uniform Fire Safety Act					
Salaries and Wages	45,432.17	45,432.17		45,432.17	-
Other Expenses	381.23	381.23	166.07	215.16	-
Communications					
Salaries and Wages	419.69	419.69		419.69	-
Other Expenses		-		-	-
DEPARTMENT OF PUBLIC WORKS					
Director's Office					
Salaries and Wages	45,105.23	45,105.23	60.00	45,045.23	-
Other Expenses	729,293.98	729,293.98	337,816.54	391,477.44	-
Electrical Bureau					
Salaries and Wages	33,090.03	33,090.03	1,443.65	31,646.38	-
Other Expenses	8,854.14	8,854.14	1,759.85	7,094.29	-
Parks					
Salaries and Wages	19,611.89	19,611.89	295.64	19,316.25	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Other Expenses	13,121.99	13,121.99	622.90	12,499.09	-
Beach and Boardwalk					
Salaries and Wages	88,595.72	88,595.72		88,595.72	-
Other Expenses	8,556.80	8,556.80	2,080.25	6,476.55	-
Sanitation					
Salaries and Wages	189,570.98	189,570.98	252.05	189,318.93	-
Other Expenses	1,048,436.71	1,048,436.71	146,409.55	902,027.16	-
Asphalt Plant/Street Repairs					
Salaries and Wages	55,257.55	55,257.55		55,257.55	-
Other Expenses	10,098.64	10,098.64	9,364.20	734.44	-
Paint and Sign Shop					
Salaries and Wages	4,785.45	4,785.45	372.86	4,412.59	-
Other Expenses	2,132.16	2,132.16	1,162.50	969.66	-
Building Maintenance Division					
Salaries and Wages	38,759.13	38,759.13	859.08	37,900.05	-
Other Expenses	27,810.72	27,810.72	1,301.50	26,509.22	-
Community Services Act					
Other Expenses	37,069.52	37,069.52		37,069.52	-
Vehicle Maintenance					
Other Expenses	748,648.26	748,648.26	369,585.87	379,062.39	-
Facilities					
Salaries and Wages	13,619.88	13,619.88		13,619.88	-
Other Expenses	5,250.93	5,250.93	501.34	4,749.59	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Director's Office					
Salaries and Wages	8,001.59	8,001.59		8,001.59	-
Other Expenses	103,334.15	103,334.15	16,835.97	86,498.18	-
Health Administration					
Salaries and Wages	67,154.71	67,154.71	677.20	66,477.51	-
Other Expenses	25,372.07	25,372.07	1,031.30	24,340.77	-
Social Services					
Salaries and Wages	57,181.42	57,181.42	18,435.41	38,746.01	-
Other Expenses	52,861.66	52,861.66	32,803.44	20,058.22	-
Recreational and Cultural Affairs					
Salaries and Wages	159,049.84	159,049.84	1,353.06	157,696.78	-
Other Expenses	41,382.72	41,382.72	1,103.54	40,279.18	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Clinical Services					
Salaries and Wages	8,901.97	8,901.97	449.83	8,452.14	-
Other Expenses	108,172.06	108,172.06	6,128.67	102,043.39	-
Animal Control Expense					
Other Expenses	3,600.00	3,600.00	3,600.00	-	-
DEPARTMENT OF LICENSES AND INSPECTIONS					
Director's Office					
Salaries and Wages	55.99	55.99		55.99	-
Other Expenses	16,860.97	16,860.97	16,417.94	443.03	-
Inspections					
Salaries and Wages	46,572.52	46,572.52	145.48	46,427.04	-
Other Expenses	2,251.52	2,251.52	1,479.13	772.39	-
Regulatory Division					
Salaries and Wages	26,633.56	26,633.56	130.54	26,503.02	-
Other Expenses	4,174.29	4,174.29	1,395.35	2,778.94	-
CITY COUNCIL					
Salaries and Wages	1.95	1.95		1.95	-
Other Expenses	6,900.67	6,900.67	80.00	6,820.67	-
CITY CLERK					
Salaries and Wages	4,897.28	4,897.28		4,897.28	-
Other Expenses	54,778.83	54,778.83	11,115.74	43,663.09	-
UNIFORM CONSTRUCTION CODE					
Salaries and Wages	77,258.12	77,258.12	3,239.11	74,019.01	-
Other Expenses	3,662.27	3,662.27	2,539.05	1,123.22	-
UNCLASSIFIED					
Electricity	157,415.31	228,415.31	124,867.94	103,547.37	-
Street Lighting	186,275.06	257,275.06	246,988.92	10,286.14	-
Telephone	32,378.43	32,378.43	32,377.43	1.00	-
City Water Usage	30,347.63	300,347.63	235,738.44	64,609.19	-
Gas	135,280.30	135,280.30	42,942.83	92,337.47	-
Sewer	65,875.60	65,875.60		65,875.60	-
Gasoline	624,695.94	510,695.94	23,231.41	487,464.53	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Codification of Ordinances	10,000.00	10,000.00		10,000.00	-
Interest to State for Deferred Payments	1,873,531.54	1,873,531.54		1,873,531.54	-
STATUTORY EXPENDITURES					
Contribution to					
Public Employees' Retirement System				-	-
Social Security	365,795.19	24,795.19		24,795.19	-
Defined Contribution Retirement	14,488.98	14,488.98		14,488.98	-
Lifeguard Pension	74,183.18	74,183.18		74,183.18	-
Consolidated Police and Firemen's Pension Fund	19.96	19.96		19.96	-
Police and Firemen's Retirement System	200,000.00	200,000.00		200,000.00	-
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Library	389,079.39	389,079.39	389,079.39	-	-
Match for Grant	186,599.00	186,599.00		186,599.00	-
Interlocal Agreement	160,000.00	160,000.00		160,000.00	-
All Other Accounts - No Change	-	-		-	-
	<u>\$ 17,349,988.99</u>	<u>17,349,988.99</u>	<u>4,519,055.70</u>	<u>12,830,933.29</u>	<u>-</u>
		Cash Disbursements	4,206,834.57		
		Accounts Payable	312,221.13		
		<u>4,519,055.70</u>			

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2015	\$	0.75
Increased by:		
Levy - Calender Year 2016		<u>100,077,234.00</u>
		100,077,234.75
Decreased by:		
Payments		<u>90,835,128.06</u>
Balance December 31, 2016	\$	<u><u>9,242,106.69</u></u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance 12/31/2015	Transferred From 2016 Revenues	Received	Adjustments	Balance 12/31/2016
FEDERAL GRANTS:					
Bulletproof Vest Partnership -2011	\$ 109.24			109.24	-
Bulletproof Vest Partnership -2013	44,902.99				44,902.99
Bulletproof Vest Partnership -2014	31,831.69				31,831.69
FEMA-Assistance to Firefighters	48,481.00				48,481.00
FEMA-Assistance to Firefighters		185,651.00			185,651.00
FEMA-Hazard Mitigation Fisherman's Park	3,225,000.00		1,546,069.21		1,678,930.79
FEMA-Flood Hazard Mitigation	773,177.00				773,177.00
SAFER	63,332.69		63,332.69		(0.00)
SAFER	21,517,020.00		11,078,350.56		10,438,669.44
CDBG - Disaster Recovery Inlet Seawall	646,197.00		96,930.93		549,266.07
CDBG - Main Street AC Streetscape	588,095.00		5,247.90		582,847.10
CDBG - Post Sandy Planning Grant	171,147.50		4,925.00		166,222.50
Pass Through New Jersey Department of Education:					
Summer Food - 2015	37,413.14			37,413.14	-
Ed Byrne Memorial Justice Assistance Grant - 2015	93,893.00				93,893.00
Ed Byrne Memorial Justice Assistance Grant - 2014	109,723.00				109,723.00
Pass Through New Jersey Department of Health					
WIC - 2014	300,231.00		30,451.00		-
Atlantis Pump Gate Station	6,500,000.00			269,780.00	6,500,000.00
Total Federal	34,150,554.25	185,651.00	12,825,307.29	307,302.38	21,203,595.58

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance 12/31/2015</u>	<u>Transferred From 2016 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance 12/31/2016</u>
LOCAL GRANTS:					
CRDA - Street Lighting	1,194,069.66				1,194,069.66
CRDA - Demolition	686,293.66				686,293.66
CRDA - Law Enforcement Technology	3,483,000.00		1,379,267.58		2,103,732.42
CRDA - Boardwalk Demolition	359,770.00				359,770.00
CRDA - Demolition within Tourism District	(69,999.96)			(69,999.96)	-
CRDA - Garden Pier	45,303.07				45,303.07
CRDA - Boardwalk/Street Lighting	2,302,730.01				2,302,730.01
CRDA - Basketball Tournament	-				-
CRDA - Boardwalk Repairs	1,414,606.11		1,119,986.77		294,619.34
CRDA - Enhanced Enforcement Building Maintenance	108,442.22				108,442.22
CRDA - Street Lighting	83,000.00		83,000.00		-
CRDA - Brighton Park Fountain Repairs	33,831.80			33,831.80	-
CRDA - Demolition	1,500,000.00		106,592.00	69,999.96	1,323,408.04
CRDA - Winter Wonderland Festival	-	17,125.00		17,125.00	-
AC Devco		170,000.00			170,000.00
AC Housing Authority		30,000.00			30,000.00
County of Atlantic:					
Atlantic County Alliance - 2016	0.00	30,059.00			30,059.00
Meals on Wheels		12,090.00			12,090.00
CEHA - 2016		48,000.00			48,000.00
CEHA - 2015	3,000.00			3,000.00	-
Open Space - 2008	1,000,000.00		1,000,000.00		-
Boys and Girls Club	660,350.00				660,350.00
Total Local	12,804,396.57	307,274.00	3,688,846.35	53,956.80	9,368,867.42

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance 12/31/2015	Transferred From 2016 Revenues	Received	Adjustments	Balance 12/31/2016
STATE GRANTS:					
NJ DOT: Trust Fund Authority Act of 1984					
Ventnor Avenue	-	196,000.00			196,000.00
Route 187 to Pacific	13,268.83				13,268.83
NJ DOT - Ohio / MLK	70,417.94				70,417.94
Disaster Relief Opportunity - Atlantis Ave	1,130,000.00		167,345.85		962,654.15
Compressed Natural Gas	127,667.60		65,203.60		62,464.00
Maryland to Route 187	659,904.30		617,173.18		42,731.12
Resurface Artic Ave	50,000.00				50,000.00
Resurface Ventnor Ave	52,500.00				52,500.00
AC Traffic Light Synchronization	963,947.00		963,947.00		-
AC Traffic Light Synchronization	904,016.00		617,999.02		286,016.98
Transportation Alternative Program	966,000.00				966,000.00
NJBPU - LED Lighting Upgrade Program		2,000,000.00			2,000,000.00
NJ Department of Law & Public Safety					
COPs in SHOPS - 2016	(0.00)	5,000.00	5,000.00		(0.00)
COPs in SHOPS - 2014	3,600.00				3,600.00
Alcohol Education & Rehab.	-	2,849.83	2,849.83		-
Body Armor - 2016	-	23,035.81	23,035.81		-
Body Worn Camera Program		30,000.00			30,000.00
New Jersey Department of Health and Human Services					
HIV Counseling and Testing 2015	154,359.00		42,930.00	111,429.00	-
HIV Counseling and Testing 2014	25,591.00			25,591.00	-
Recreational Opportunities for individuals with Disa.	-				-

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance 12/31/2015	Transferred From 2016 Revenues	Received	Adjustments	Balance 12/31/2016
NJ Department of Environmental Protection	-				-
Brownsfield - 2007	1,744.60			1,744.60	-
Brownfield Cleanup Riverside Park	86,259.69		16,560.31		69,699.38
Brownfield Cleanup South Boulevard	200,000.00				200,000.00
Brownfield - Bungalow Park Site Cleanup		163,658.00			163,658.00
Brownfield Cleanup - AC Delta Basin		200,000.00			200,000.00
Brownfield - Hazardous Contamination		200,000.00			200,000.00
Brownfields- Petroleum Contamination		200,000.00			200,000.00
Hazardous Discharge Site Remediation - Riverside		47,985.00			47,985.00
Clean Community		98,461.24	98,461.24		-
Harold Brown Memorial Park	-	666,296.00			666,296.00
Green Acres - Altman Playground Acquisition		378,271.25	189,135.63		189,135.62
Green Acres	450,000.00				450,000.00
Recycling Tonnage	-				-
Sustainable Jersey	10,000.00				10,000.00
PAL and All Wars Generator	430,000.00				430,000.00
Altman Field Playground - Site Remediation	39,974.00				39,974.00
James Ustry Center - Site Remediation	118,290.00				118,290.00
EDA - Boardwalk Reconstruction	5,000,000.00		2,006,599.72		2,993,400.28
National Fish and Wildlife	125,000.00		20,042.50		104,957.50
Total State	11,582,539.96	4,211,557.13	4,836,283.69	138,764.60	10,819,048.80
	\$ 58,537,490.78	4,704,482.13	21,350,437.33	500,023.78	41,391,511.80
		Cash	21,347,587.50		
		Unappropriated Reserves	2,849.83		
			21,350,437.33		

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2015		2016		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances	Appropriations					
FEDERAL GRANTS:								
SAFER	\$ 63,332.69			63,332.69				(0.00)
SAFER	19,554,706.08			10,728,653.68				8,826,052.40
Federal Emergency Management Assistance to Firefighters	75,166.36		204,216.00	7,960.68	168,740.00			75,166.36
Assistance to Firefighters	-			1,056,636.00	2,168,364.00			27,515.32
Hazard Mitigation Fisherman's Park	773,177.00	3,225,000.00			773,177.00			-
FEMA-Flood Hazard Mitigation	-							-
Department of Justice								(0.00)
Bullet Proof Vest Partnership 2013	(0.00)	1,289.24		822.24	467.00			-
Bullet Proof Vest Partnership 2014	27,049.93	4781.76		12,720.76	19,110.93			93,893.00
Ed Byrne Memorial Justice Assistance Grant - 2015	93,893.00			43,524.63	1,875.00			33,639.37
Ed Byrne Memorial Justice Assistance Grant - 2014	79,039.00							21,040.77
Local Law Enforcement Block Grant - Interest	21,040.77							81,436.10
CDBG - Post Sandy Planning Grant	81,436.10	54,584.45		39,253.75	15,330.70			618,650.00
CDBG - Disaster Recovery Inlet Seawall	632,725.01			14,075.01				468,398.45
CDBG - Main Street AC Streetscape	13,110.20	574,984.80			119,696.55			
Pass through New Jersey Department of Education								23,623.47
Summer Food Program - 2014	23,623.47			204.49		40,726.74		-
Summer Food Program - 2015	40,931.23							-
Pass through New Jersey Department of Health								
WIC - 2014	302,282.13					302,282.13		-
Total Federal	21,781,512.97	3,860,640.25	204,216.00	11,967,183.93	3,266,761.18	343,008.87		10,269,415.24
LOCAL GRANTS:								
CRDA - Street Lighting	1,007,136.00							1,007,136.00
CRDA - Demolition	439,236.23				25,000.00			414,236.23
CRDA - Law Enforcement Technology	1,363,574.43	610,787.80		576,540.73	350,503.01			1,047,318.49
CRDA - Boardwalk Demolition	304,770.80	25,000.00			25,000.00			304,770.80
CRDA - Demolition within Tourism District	65,116.57	690.00		664.00	664.00			64,478.57
CRDA - Garden Pier	55,521.02							55,521.02
CRDA - Boardwalk/Street Lighting	1,853,058.81							1,853,058.81
CRDA - Summer Concerts	0.50					0.50		-
CRDA - Boardwalk Repairs	521,598.38	428,750.33		625,338.35	38,246.25			286,764.11
CRDA - Enhanced Enforcement Building Maintenance	38,646.16			38,646.16				0.00
CRDA - Street Lighting	128.00					128.00		-
CRDA - Brighton Park Fountain Repairs	37,553.44	2,767.88		2,767.88				-
CRDA - Demolition	1,010,195.39	47,407.31		237,109.47	5,701.31			814,791.92
CRDA - Winter Wonderland Festival	-		17,125.00				17,125.00	-
AC Devco	-							-
AC Housing Authority	-		170,000.00					-
			30,000.00					-

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2015		2016	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances					
Atlantic County:							
Municipal Alliance - 2011	80.00					80.00	-
Municipal Alliance - 2016	(0.00)						13,513.00
Atlantic County - Open Spaces - 2008		1,000,000.00	37,574.00	18,852.44	5,208.56		-
CEHA - 2015	26,856.48	1,143.52		3,093.64		24,906.36	-
CEHA - 2016			48,000.00				48,000.00
Meals on Wheels			12,090.00				12,090.00
Boys and Girls Club	541,650.00			(86,850.00)	581,559.93		46,940.07
Total Local	7,265,122.21	2,116,546.84	314,789.00	2,416,162.67	1,231,883.06	79,793.30	5,968,619.02
STATE GRANTS:							
New Jersey Department of Transportation							
Artic Avenue 2009	577.35	175.00				752.35	-
NJ DOT - Ohio / MLK		187,000.00		40,024.47	146,975.53		-
NJ DOT Route 187 to Pacific	13,103.72						13,103.72
Disaster Relief Opportunity - Atlantis Ave	466,202.00	663,798.00		395,439.53	299,228.47		435,332.00
NJ DOT Compressed Natural Gas	62,464.00						62,464.00
NJ DOT Maryland Ave to Route 187	142,832.00	66,611.80		167,937.68	20,148.12		21,356.00
NJ DOT Resurface Ventnor Ave		210,000.00					-
NJ DOT Resurface Artic Ave	26,211.25	173,786.75					13,739.75
NJ DOT Ventnor Ave. 2016			196,000.00				196,000.00
AC Traffic Light Synchronization	-	963,947.00		891,822.69	72,124.31		0.00
AC Traffic Light Synchronization	-	902,546.00		902,546.00			-
Transportation Alternative Program	966,000.00						966,000.00
NJBPU LED Lighting Upgrade Program			2,000,000.00		100,000.00		1,900,000.00
New Jersey Department of Law & Public Safety							
Alcohol Education & Rehab. -2015	118.16		2,849.83	210.00			2,639.83
Alcohol Education & Rehab. -2014	8,829.01			2,714.28			118.16
Alcohol Education & Rehab. -2013			23,035.81				6,114.73
Body Armor - 2016							23,035.81
Body Armor - 2015	23,232.42			14,838.97	13,861.55		23,232.42
Body Armor - 2014	28,926.40			14,582.03	467.00		225.88
Body Armor - 2013	8,978.04						0.01
Body Armor - 2012	28,696.17	6,071.00					28,696.17
Body Armor - 2010	1,896.50						1,896.50
Body Worn Camera Program			30,000.00				30,000.00
COPs in SHOPS - 2016			5,000.00	1,400.15			3,599.85
COPs in SHOPS - 2015	3,278.87						3,278.87
COPs in SHOPS - 2014	283.30					283.30	-
New Jersey State Police							
OEM - PAL and All Wars Generator	430,000.00						430,000.00

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2015		2016		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances	Appropriations					
New Jersey Department of Community Affairs								
New Jersey Historic Trust	531,848.12							531,848.12
EDA - Boardwalk Reconstruction	4,612,500.00	220,755.00	32,288.00	1,866,350.70	2,999,192.30			-
Sustainable Jersey	-	13,341.15		11,543.68	1,700.00			97.47
Atlantic Pump Gate Station	6,500,000.00							6,500,000.00
New Jersey Department of Health and Human Services								
HIV Testing & Counseling - 2015	96,785.99	87.05		3,581.23			93,291.81	-
HIV Testing & Counseling - 2014	25,591.00						25,591.00	-
New Jersey Department of Environmental Protection								
Clean Communities Program - 2012	10.00							10.00
Clean Communities Program - 2013	23,978.65			3,100.00				20,878.65
Clean Communities Program - 2014	4,705.87			4,407.32				3,071.05
Clean Communities Program - 2015	86,134.64	2,772.50		23,537.09				62,597.55
Clean Communities Program - 2016			98,461.24					98,461.24
Brownsfield -2007	6,330.69						6,330.69	-
Brownfield Cleanup Riverside Park	12,915.00	9,878.44		4,625.00	5,253.44			12,915.00
Brownfield Cleanup South Boulevard	200,000.00							200,000.00
Brownfield - Bungalow Park Site Cleanup			163,658.00					163,658.00
Brownfield Cleanup - AC Delta Basin			200,000.00					200,000.00
Brownfield - Hazardous Contamination			200,000.00					200,000.00
Brownfields- Petroleum Contamination			200,000.00					200,000.00
Hazardous Site Remediation - Riverside Business Park			47,985.00		47,985.00			-
Recycling Tonnage Grant - 2014	62,164.44	3,128.86		26,336.86				38,160.44
Recycling Tonnage Grant - 2013	(0.00)	7,083.41		4,866.91	796.00			2,216.50
Recycling Tonnage Grant - 2012	(0.00)	8.00		8.00				(0.00)
Recycling Tonnage Grant - 2011	(0.00)	32,188.30		32,188.30				0.00
Recycling Tonnage Grant - 2009	(0.00)	41,371.51		40,314.79				1,056.72
Recycling Tonnage Grant -2008	66.98	38.14		38.14				66.98
Green Acres	-	450,000.00		450,000.00				-
Green Acres - Altman Playground Acquisition			378,271.25					378,271.25
Harold Brown Memorial Park			666,296.00		666,296.00			-
Altman Field - Site Remediation	51,673.41							51,673.41
James Ustry Center - Site Remediation	157,720.00							157,720.00
National Fish and Wildlife	137,660.00	49,840.00		20,042.50	29,797.50			137,660.00
Total State	14,721,713.98	4,004,429.91	4,243,845.13	5,318,716.57	4,403,825.22	126,249.15		13,121,198.08
Total Federal State and Local	43,768,349.16	9,981,617.00	4,762,850.13	19,702,063.17	8,902,469.46	549,051.32		29,359,232.34

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance 12/31/2015</u>	<u>Transferred To 2016 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance 12/31/2016</u>
FEDERAL GRANTS:					
Total Federal	\$ -	-	-	-	-
STATE GRANTS:					
Interest	4.44		4.86		9.30
Alcohol Education & Rehab - 2011	2,849.83	2,849.83			-
Recycling Tonnage Grant - 2015	80,990.86				80,990.86
Total State	83,845.13	2,849.83	4.86	-	81,000.16
\$	83,845.13	2,849.83	4.86	-	81,000.16

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**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

Ref.

Balance December 31, 2015		\$ 4,184,409.26
Increased by Receipts:		
Premiums		
Deposits for Redemption of Tax Sale Certificates	4,785,764.04	
		<u>4,785,764.04</u>
		8,970,173.30
Decreased by Disbursements:		
Premiums	1,114,800.00	
Tax Sale Redemptions	6,135,010.42	
		<u>7,249,810.42</u>
Balance December 31, 2016		\$ <u><u>1,720,362.88</u></u>

ANALYSIS OF BALANCE - DECEMBER 31, 2016

Tax Title Lien Redemption	562,962.88
Tax Sale Premium	<u>1,157,400.00</u>
	<u><u>1,720,362.88</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.		
Balance December 31, 2015		\$	1,176.00
Increased by:			
Dog License Fees Collected		823.00	
		<u> </u>	<u>823.00</u>
			1,999.00
Decreased by:			
Statutory Excess		388.80	
Expenditures under N.J.S. 4:19-15:11		<u>581.20</u>	<u>970.00</u>
Balance December 31, 2016		\$	<u><u>1,029.00</u></u>

License Fees Collected:

Year		Amount
2015	\$	392.00
2014		<u>637.00</u>
	\$	<u><u>1,029.00</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND

	<u>Ref.</u>	
Balance December 31, 2015		\$ 1,134.00
Increased by:		
Statutory Excess	<u>388.80</u>	<u>388.80</u>
		1,522.80
Decreased by:		
Payment	<u>1,134.00</u>	<u>1,134.00</u>
Balance December 31, 2016		\$ <u><u>388.80</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH

	<u>Ref.</u>	
Balance December 31, 2015		\$ -
Increased by:		
2016 State License Fees	<u>188.40</u>	<u>188.40</u>
		188.40
Decreased by:		
Disbursements to the State		<u>188.40</u>
Balance December 31, 2016		\$ <u><u>-</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR
COMMUNITY DEVELOPMENT BLOCK GRANT - APPROPRIATED**

	Ref.	
Balance December 31, 2015		\$ 2,020,654.83
Increased by:		
Program Awards:		
CDBG	\$ 1,077,662.00	
HOME	312,970.00	
IDIS Adjustment	9,890.67	
Program Income	814.55	
		<u>1,401,337.22</u>
		3,421,992.05
Decreased by:		
Program Expenditures:		
CDBG	735,304.02	
HOME	143,809.64	
IDIS Adjustment	32,141.89	
		<u>911,255.55</u>
Balance December 31, 2016		\$ <u><u>2,510,736.50</u></u>
Analysis of Balance:		
Community Development Block Grant		1,637,115.26
HOME		872,771.43
Program Income		849.81
		<u><u>2,510,736.50</u></u>

TRUST FUND
COMMUNITY DEVELOPMENT BLOCK GRANT
DUE TO(FROM) CURRENT FUND

Balance December 31, 2015		\$	1,531,079.27
Increase by:			
Receipts	879,113.66		
Adjustment	<u>92,826.15</u>		
			<u>971,939.81</u>
			2,503,019.08
Decreased by:			
Disbursements	<u>2,397,360.03</u>		
			<u>2,397,360.03</u>
Balance December 31, 2016		\$	<u><u>105,659.05</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Reserve</u>	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec 31, 2016</u>
	\$			
Uniform Fire Safety	(99,766.01)	115,053.07	32,750.22	(182,068.86)
Law Enforcement	-		158,313.24	158,313.24
Parking Offense Adjudication Act	(13,941.66)	11,487.00	926.00	(24,502.66)
Unemployment Compensation	(2,318,394.86)	1,400,355.87	960,154.73	(2,758,596.00)
Workers Compensation	(3,757,028.45)	6,217,590.63	5,062,929.05	(4,911,690.03)
Self Insurance Fund	(4,901,918.64)	4,436,831.77	5,528,568.48	(3,810,181.93)
Environmental Quality and Enforcement	(9,005.98)	1,000.00	1,027.74	(8,978.24)
Terminal Leave	(4,024,855.09)	-	4,024,855.09	-
	<u>\$ (15,124,910.69)</u>	<u>12,182,318.34</u>	<u>15,769,524.55</u>	<u>(11,537,704.48)</u>

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Increased by		Decreased by		Encumbrances and Adjustment	Balance Dec 31, 2016
	Balance Dec 31, 2015	Receipts	Collections made by Current Fund	Disbursements		
Reserve						
Uniform Fire Safety	\$ 99,475.78		115,053.07		32,750.22	181,778.63
Parking Offense Adjudication Act	13,185.57		11,487.00		926.00	23,746.57
Unemployment Compensation	2,318,394.86		1,400,355.87		960,154.73	2,758,596.00
Law Enforcement	404,566.44	89,454.00		6,661.00	158,313.24	329,046.20
Workers Compensation	3,757,028.45		6,217,590.63		5,062,929.05	4,911,690.03
Self Insurance Fund	4,055,130.08		4,436,831.77		5,528,568.48	2,963,393.37
Environmental Quality and Enforcement	8,999.23		1,000.00		1,027.74	8,971.49
Accumulated Sick and Vacation	4,095,598.18	7,125,937.09		1,729,385.23	4,024,855.09	4,468,651.50
Neighborhood Preservation	12,103.80					12,103.80
Planning Developer's Escrow	563,618.52	176,216.31		462,347.22		277,487.61
Police Detail	946,867.63	1,613,497.56		1,536,332.21		1,024,032.98
	<u>\$ 16,274,968.54</u>	<u>9,005,104.96</u>	<u>12,182,318.34</u>	<u>3,734,725.66</u>	<u>15,769,524.55</u>	<u>16,959,498.18</u>
					<u>998,643.45</u>	

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2015		\$	18,473,829.50
Increased by:			
Receipts	200,000.00		
	<hr/>		<hr/>
			200,000.00
			18,673,829.50
Decreased by:			
Disbursements	3,614,090.02		
	<hr/>		<hr/>
			3,614,090.02
Balance December 31, 2016		\$	<u><u>15,059,739.48</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2015	Receipts		Improvement Authorizations	Disbursements		Transfers	Balance Dec. 31, 2016
		Miscellaneous	Debt Issued		Miscellaneous			
Fund Balance	\$ 3,461,141.86							3,461,141.86
Capital Improvement Fund	711,292.97	200,000.00						911,292.97
Contracts Payable	3,432,324.18						1,306,549.22	1,306,549.22
Reserve for Bond Payments	-							-
Grant Receivable	(270,000.00)							(270,000.00)
Due to Reveal								-
Improvement Authorizations:								
86-08 Various Improvements	95,760.40			19,661.40			19,661.40	95,760.40
32-09 Recreation Playground Acquisition	28,250.15			-				826.99
51-10 Various Improvements	2,343,900.33			946,736.05			1,150,498.38	2,004,523.15
5-11/86-08 Redevelopment	-							-
69-11/51-10 Various Improvements	-			11,963.66			11,963.66	-
74-11/51-11 Improvements to Garden Pier	15,818.86			-				15,818.86
27-12 Various Improvements	41,491.04			-				41,491.04
03-13 Construction of Playground	270,000.00							270,000.00
25-13 Street Reconstruction	98,032.77			82,323.84				15,708.93
41-13 Various Improvements	-			-				-
33-13 Various Capital Improvements	110,603.00			-			14,165.00	110,603.00
33-13 Special Emergency - Sandy	-							-
43-13 Refunding	-							-
51-13 General Obligation	6,760,213.94			2,462,976.71			2,138,369.54	5,665,517.85
51-13/16-14 Sandy Repairs	-			8,800.61			16,038.45	-
51-13/40-14 Road and Sidewalk Improvements	-							-
51-13/80-14 Building Improvements	-			81,627.75			81,627.75	-
47-14 Tax Appeals	-							-
30-15 Purchase of Trash Truck Cab	-							-
85-15 Various Improvements	1,375,000.00							1,375,000.00
Total	\$ 18,473,829.50	200,000.00	-	3,614,090.02	-	4,794,378.61	4,738,873.40	15,004,234.27

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2015		\$	711,292.97
Increased by:			
2016 Budget Appropriation	200,000.00		
	<hr/>		<hr/>
			200,000.00
			911,292.97
Decreased by:			
Appropriated to Finance Improvement Authorizations			
	<hr/>		<hr/>
			-
Balance December 31, 2016		\$	<u><u>911,292.97</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2015		\$ 247,406,000.00
Increased by:		
Bonds issued	-	
	<hr/>	<hr/>
		-
		<hr/>
		247,406,000.00
Decreased by:		
Bonds redeemed	23,760,000.00	
	<hr/>	<hr/>
		23,760,000.00
		<hr/>
Balance December 31, 2016		\$ <u><u>223,646,000.00</u></u>

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**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015			Prior Year			Authorizations			Paid or Charged	Encumbrances	Cancelled or Transferred	Balance December 31, 2016	
				Funded	Unfunded	Unfunded	Encumbrances	Other Funding	Deferred Charges to Future Taxation	Encumbrances						Funded	Unfunded
86-08	Fire Equipment	9/17/2008	1,750,000	90,837.44			19,861.40						19,861.40			90,837.44	
86-08	Biometric Program Systems	9/17/2008	5,000	4,922.96												4,922.96	
77-05/99-04/02-09	Recreation Playground Acquisition	6/26/2009	1,818,027	28,250.15										27,423.16	x		
51-10	Improvements to Buildings	8/31/2010	1,075,000	5,821.54			23,841.00						2,661.00			825.99	
51-10	Improvements to Boardwalk and Dunes	8/31/2010	3,700,000	685,759.22												26,801.54	
51-10	Stormwater and Drainage Improvements	8/31/2010	2,225,000	954,186.52			977,664.50						873,610.58			685,759.22	
51-10	MIS Upgrades	8/31/2010	268,392	0.00			2,253.49									661,841.90	
51-10	Demolition	8/31/2010	500,000				1,530.96									2,253.49	
51-10	Furniture and Misc. Equipment	8/31/2010	1,173,475											1,530.96	x		
51-10	Recreation Improvements	8/31/2010	775,000	262,681.66									70,464.47			251,951.82	
51-10	Road Improvements	8/31/2010	560,000	135,210.00			103,665.63						133,496.00			1,712.00	
51-10	Traffic Signal Improvements	8/31/2010	450,000	300,244.39			41,922.80						(133,496.00)			397,771.39	
66-11/51-10	Acquisition of Vehicles	10/25/2011	750,000	0.00			11,963.66						11,963.66			15,818.86	
74-11/51-11	Improvements to Garden Pier	11/28/2011	750,000	15,818.86												41,491.04	
25-13	Sand Castle/Bader Field		800,000	41,491.04												15,818.86	
03-13	Street Reconstruction		202,550	88,032.77									82,323.84			41,491.04	
51-13	Construction of Playground	2/14/2013	750,000		480,000.00											15,708.93	
51-13	Various Capital Improvements	6/13/13	10,300,000	110,603.00			14,165.00									270,000.00	
51-13	Improvements to Buildings	9/26/2013	454,600	101,011.57			255,131.12						228,984.06			110,603.00	
51-13	Improvements to Boardwalk and Dunes	9/26/2013	228,000	106,621.26			119,378.74						70,886.34			15,793.99	
51-13	Stormwater and Drainage Improvements	9/26/2013	2,900,000	1,278,535.00												29,999.23	
51-13	MIS Upgrades	9/26/2013	1,688,200	1,277,114.79			310,435.58						250,608.59			1,278,535.00	
51-13	Dredging	9/26/2013	500,000	38,074.96			101,992.00						19,616.17			69,222.96	
51-13	Boys & Girls Club Playground			100,000.00									412,660.27			100,000.00	
51-13	Chelsea Heights Ball Field			70,083.33			417,131.67						4,462.40			78,083.33	
51-13	3rd Ward park & Harold Memorial Park			12,010.00									12,010.00				
51-13	Altman Playground Storm Restoration			23,305.82			380,882.81						403,807.09			23,305.82	
51-13	Other City Environmental Remediation			385,867.84			68,846.00									54,666.75	
51-13	Fishermen's Park			150,000.00													
51-13	Gardner's Basin Maritime Park			59,983.00												150,000.00	
51-13	Bryant Playground			2,076,030.71												59,983.00	
51-13	Road Improvements	9/26/2013	3,192,000				41,787.50						39,915.28			2,076,030.71	
51-13	Traffic Signal Improvements	9/26/2013	375,000	209,600.00			143,070.00						141,245.58			1,714.00	
51-13	Vehicles and Equipment	9/26/2013	1,475,000	327,428.86			165,415.52						269,710.42			327,428.86	
51-13	Repairs to Venice Lagoon and Ohio Bdg	9/26/2013	300,000	250,000.00			50,000.00						280,000.00				
51-13	Purchase Safety Equipment	9/26/2013	327,400	274,608.80												274,608.80	
51-13/16-14	Sandy Repairs		1,200,000	0.00			16,038.45						8,900.61				
51-13/80-14	Building Improvements - Elevator		740,100				81,927.75										
88-18	Vehicles		500,000.00													500,000.00	
88-18	Parks and Playgrounds		500,000.00													500,000.00	
88-18	Buildings and Improvements		375,000.00													375,000.00	
				\$ 11,139,070.49	480,000.00		3,432,324.18						3,614,090.02	1,305,549.22		9,650,755.43	480,000.00

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
General Obligation Bonds of 2008	2/15/2008	26,500,000	2/15/2016	3,000,000.00	5.00%				
			2/15/2017	3,000,000.00	5.50%				
			2/15/2018	3,000,000.00	5.50%	9,000,000.00		3,000,000.00	6,000,000.00
General Obligation Bonds of 2011	2/1/2011	16,354,000	2/1/2017	1,600,000.00	4.00%				
			2/1/2018	1,600,000.00	4.00%				
			2/1/2019	1,600,000.00	5.00%				
			2/1/2020	1,600,000.00	5.00%				
			2/1/2021	1,600,000.00	4.50%				
			2/1/2022	1,598,000.00	5.00%	11,196,000.00		1,600,000.00	9,599,000.00
Pension Refunding Bonds	4/1/2012	5,450,000	4/1/2017	605,000.00	3.582%				
			4/1/2018	630,000.00	3.853%				
			4/1/2019	655,000.00	4.253%				
Refunding Issue 2012	4/1/2012	15,710,000	4/1/2020	685,000.00	4.556%				
			4/1/2021	720,000.00	4.756%				
			4/1/2027	3,220,000.00	5.00%	6,295,000.00		3,075,000.00	3,220,000.00
General Obligation	12/1/2013	13,901,000	12/1/2017	816,000.00	5.00%				
			12/1/2018	835,000.00	5.00%				
			12/1/2019	860,000.00	5.00%				
			12/1/2020	890,000.00	5.00%				
			12/1/2021	920,000.00	5.00%				
			12/1/2022	950,000.00	5.00%				
			12/1/2023	990,000.00	5.00%				
			12/1/2024	1,030,000.00	5.00%				
			12/1/2025	1,070,000.00	5.00%				
			12/1/2026	1,115,000.00	5.00%				
			12/1/2027	1,175,000.00	5.00%				
			12/1/2028	1,230,000.00	5.00%	12,671,000.00		790,000.00	11,881,000.00
Refunding Issue 2014	1/15/2014	7,710,000	1/15/2017	2,000,000.00	2.09%				
			1/15/2018	1,960,000.00	2.06%	5,980,000.00		2,020,000.00	3,960,000.00
General Obligation	3/1/2015	12,000,000	3/1/2017	425,000.00	6.00%				
			3/1/2018	425,000.00	6.00%				
			3/1/2019	425,000.00	6.00%				
			3/1/2020	600,000.00	6.00%				
			3/1/2021	600,000.00	6.375%				
			3/1/2022	600,000.00	6.375%				
			3/1/2023	600,000.00	6.375%				
			3/1/2024	600,000.00	6.375%				
			3/1/2025	600,000.00	6.375%				
			3/1/2026	600,000.00	6.375%				
			3/1/2027	600,000.00	6.375%				
			3/1/2028	600,000.00	6.375%				
			3/1/2029	2,285,000.00	6.375%	12,000,000.00		425,000.00	11,575,000.00
			3/1/2030	2,635,000.00	6.375%				
								\$	61,025,000.00
								Refunded	
								Redeemed	
								11,495,000.00	
								11,495,000.00	

GENERAL CAPITAL FUND
SCHEDULE OF TAX APPEAL REFUNDING BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Outstanding December 31, 2016	Date					
Series 2011 (taxable)	12/15/2011	35,285,000			\$	4,700,000.00		4,700,000.00	-
Series 2012 (taxable)	12/5/2012	2,620,000				565,000.00		565,000.00	-
Series 2012 (tax exempt)	12/5/2012	90,380,000							
				11/1/2017					
				11/1/2018	4.00%				
				11/1/2019	4.00%				
				11/1/2020	5.00%				
				11/1/2021	5.00%				
				11/1/2022	5.00%				
				11/1/2023	5.00%				
				11/1/2024	4.00%				
				11/1/2025	4.00%				
				11/1/2026	4.00%				
				11/1/2027	4.00%				
				11/1/2028	3.00%				
				11/1/2029	3.00%				
				11/1/2030	3.00%				
				11/1/2031	3.125%				
				11/1/2032	3.125%	90,380,000.00		7,000,000.00	83,380,000.00
Series 2013 (tax exempt)	12/1/2013	48,976,000							
				12/1/2017	5.000%				
				12/1/2018	5.000%				
				12/1/2019	5.000%				
				12/1/2020	5.000%				
				12/1/2021	5.000%				
				12/1/2022	5.000%				
				12/1/2023	5.000%				
				12/1/2024	5.000%				
				12/1/2025	5.000%				
				12/1/2026	5.000%				
				12/1/2027	5.000%				
				12/1/2028	5.000%				
				12/1/2029	5.000%				
				12/1/2030	5.000%				
				12/1/2031	5.000%				
				12/1/2032	5.000%				
				12/1/2033	5.000%	48,976,000.00			48,976,000.00
Series 2015A (taxable)				3/1/2016	7.000%				
				3/1/2017	7.000%				
				3/1/2018	7.000%				
				3/1/2019	7.000%				
				3/1/2020	7.000%				
				3/1/2021	7.000%				
				3/1/2022	7.000%				
				3/1/2023	7.000%				
				3/1/2024	7.000%				
				3/1/2025	7.000%				
				3/1/2026	7.000%				
				3/1/2027	7.000%				

**GENERAL CAPITAL FUND
SCHEDULE OF TAX APPEAL REFUNDING BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
			3/1/2028	1,310,000.00	7.000%				
			3/1/2029		7.000%				
			3/1/2030		7.000%				
			3/1/2031	2,355,000.00	7.500%				
			3/1/2032	2,540,000.00	7.500%				
			3/1/2033	2,735,000.00	7.500%				
			3/1/2034	2,950,000.00	7.500%				
			3/1/2035	3,180,000.00	7.500%				
			3/1/2036	3,430,000.00	7.500%				
			3/1/2037	3,695,000.00	7.500%				
			3/1/2038	3,980,000.00	7.500%				
			3/1/2039	4,290,000.00	7.500%				
			3/1/2040	4,625,000.00	7.500%				
						41,760,000.00			41,760,000.00
						<u>\$ 186,381,000.00</u>	<u>-</u>	<u>12,265,000.00</u>	<u>174,116,000.00</u>

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**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	State Debt or Adjustments	Balance Dec. 31, 2016
33-13	Construction of Playground	480,000.00				480,000.00
		<u>\$ 480,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,000.00</u>

CITY OF ATLANTIC CITY

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

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GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000, except by contract or agreement

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

The minutes indicate bids were requested by public advertising for the following items: fire station roof replacement, electrical and surveillance equipment, cooling system, traffic signal improvements, Ohio Avenue bridge repair, solid waste collection and disposal, turf maintenance, ambulance services, and retrofit traffic control cabinets.

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any payments in excess of \$40,000 "for the performance of any work or the furnishing or hiring of any materials or supplies: other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they become delinquent. The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes.

"BE IT RESOLVED" by the City Council of the City of Atlantic City, in accordance with Chapter 435, New Jersey Laws of 1979, and N.J.S.A. 54:4-67, 54:5-24, 54:5-32 and 54:5-35, which authorizes the Governing Body to fix the rate of interest to be charged, in the City of Atlantic City, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at 8 percent per annum on the first \$1,500 of delinquency and 18% per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes and assessments become delinquent. In addition, a 6% penalty is authorized for delinquencies in excess of \$10,000 at the end of the year.

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 14, 2015 and was complete. There are several bankruptcies from prior years not sold.

The following comparison is made of the number of the tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2016	658
2015	878
2014	1,092

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on tax-paying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulation of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2016 and 2017 Taxes	5
Municipal Court	10

All delinquent taxes, except those in bankruptcy, were included in the accelerated tax sale. Therefore, no delinquent tax balances were available to verify. As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

Year	Currently			
	Tax Levy		Cash Collections	Percentage of Collections
2016	\$ 243,392,800	\$\$	231,758,652	95.22%
2015	240,246,154	^^	236,406,572	98.40%
2014	347,223,794	@@	337,094,258	97.08%
2013	358,998,095	##	354,102,158	98.64%
2012	363,741,586	**	358,976,575	98.69%

\$\$ Reduced by \$8,120,219 in tax appeals

^^ Reduced by \$11,502,196 in tax appeals

@@ Reduced by \$31,083,726 in tax appeals

Reduced by \$7,202,241 in tax appeals

** Reduced by \$27,796,636 in tax appeals

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	3.860	3.422	3.348	2.542	2.164
Apportionment of Tax Rate:					
Municipal	1.898	1.747	1.749	1.349	1.10
Municipal					
Library	0.043	0.051	0.045	0.035	0.032
County	0.383	0.385	0.357	0.229	0.29
Local					
School	1.536	1.239	1.197	0.929	0.74
Assessed					
Valuation:	6,515,881,304	7,349,894,206	11,272,717,903	14,402,873,676	18,097,335,367

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent Taxes	Percentage of Tax Levy
2016	\$ 10,907,385	8,716,807	19,624,192	7.80%
2015	9,094,293	686,027	9,780,320	3.88%
2014	6,376,804	1,577,837	7,954,641	2.10%
2013	5,218,101	2,738,661	7,956,762	2.17%
2012	4,016,847	71,562	4,088,409	1.04%

Uniform Construction Code

The City of Atlantic City construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Law Enforcement Trust Fund

In order to promote statewide uniformity and accountability, the State Attorney General has issued standards concerning the administration of seized and forfeited property and monies. Funds distributed to a municipality from seizures or forfeitures, or the sale of forfeited property is to be deposited into a special law enforcement trust fund to be used for a law enforcement purpose. NJAC 13:77-1.4 defines a law enforcement purpose as a purpose which is calculated to enhance a law enforcement agency's ability to conduct criminal investigations, surveillance, arrests, and prosecutions and to respond more fully to the effects of crime and, for the purposes of these rules, shall be beyond that allocated by the law enforcement agency's annual budget. This special law enforcement trust fund must be under the direct control of the funding entity. Any local governmental body that receives forfeited proceeds or property shall comply with auditing requirements specified under NJSA 40A:5-4.

FINDINGS AND RECOMMENDATIONS

Finding 16-1

Criteria

All receipts for outside offices should be reconciled with the general ledger on a monthly basis.

Condition

Differences were noted between the general ledger and the tow lot documentation.

Cause

A monthly reconciliation between the general ledger and the outside offices is not being completed.

Effect

It is unable to be determined if all outside office receipts are properly recorded in the general ledger.

Recommendation

All outside offices should utilize pre-numbered receipts or a centralized receipting system. If any receipts are brought to City Hall for deposit, verification of the amount should be confirmed and documented prior to being entered into the general ledger.

Management Response

The City is currently considering a centralized receipting system that would further enable personnel to perform a monthly reconciliation for all outside offices.

STATUS OF PRIOR RECOMMENDATIONS

Finding 15-1

All receipts are required to be deposited within 48 hours. It was noted during testing that All Wars Memorial receipts were not all deposited within a timely manner.

This finding was corrected in 2016.

RECOMMENDATIONS

1. All outside offices should utilize pre-numbered receipts or a centralized receipting system. If any receipts are brought to City Hall for deposit, verification of the amount should be confirmed and documented prior to being entered into the general ledger.

In accordance with the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations, and Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the City Council in response to my comments.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 14, 2017